SELECTED ARTICLES

from

ACADEMY OF SCIENCES OF THE USSR

INSTITUTE OF ECONOMICS

QUESTIONS OF ECONOMICS

(*Voprosy Ekonomiki)*

MONTHLY JOURNAL

"PRAVDA"
PUBLISHING HOUSE
1953

**This is a publication of STC — SPC — DD(CP).
November 2026.**

Source: ИНСТИТУТ ЭКОНОМИКИ, ВОПРОСЫ ЭКОНОМИКИ, ЕЖЕМЕСЯЧНЫЙ ЖУРНАЛ, ИЗДАТЕЛЬСТВО, «ПРАВДА», 1953

Language: Russian

Produced by transcription, manually edited and prepared as an e-book. Translated into English using Gemini, Google Translate and Yandex Translate.

This is a publication of STC — SPC — DD(CP).

November 2026.

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NOSIR

TOWARD THE COMPLETE OVERCOMING OF ERRORS AND THE RADICAL IMPROVEMENT OF THE WORK OF SOVIET ECONOMISTS

I. V. Stalin's brilliant work "Economic Problems of Socialism in the USSR", his historic speech at the XIX Congress of the Communist Party of the Soviet Union, and the decisions of the XIX Congress of the Party constitute programmatic documents of scientific communism, illuminating with the bright light of Marxist-Leninist theory the paths of building a communist society in the USSR, the paths of building socialism in the People's Democracies, and the paths of the struggle of the popular masses of capitalist countries against imperialist reaction.

I. V. Stalin's work "Economic Problems of Socialism in the USSR" has advanced Marxist-Leninist political economy far forward. In it, the fundamental problems of the political economy of socialism and modern capitalism are posed and resolved in a new way. Comrade Stalin's new work has opened up broad horizons for Soviet economists for the further creative development of economic science.

Comrade Stalin with enormous force emphasized and substantiated the objective character of the economic laws of socialism, dispelling to dust both subjectivist-idealist views on the character of economic laws and attempts to fetishize these laws. Comrade Stalin teaches that Marxism understands the

laws of science—regardless of whether it is a question of the laws of natural science or the laws of political economy—as the reflection of objective processes occurring independently of the will of people. "People can discover these laws, cognize them, and, relying on them, use them in the interests of society, give a different direction to the destructive actions of certain laws, restrict the sphere of their action, give scope to other laws that are carving their way, but they cannot destroy them or create new economic laws".

The party of Lenin and Stalin has always waged a resolute struggle against subjectivism in theory, against adventurism in politics. The subjectivist interpretation of economic laws is organically alien to Marxism-Leninism. Comrade Stalin points out that in order not to make mistakes in policy and not to fall into the position of idle dreamers, the party of the proletariat must proceed in its activity not from abstract "principles of human reason", but from the concrete conditions of the material life of society, as the decisive force of social development, from the real needs of the development of the material life of society.

The greatest vital force of the policy of the Communist Party and the Soviet state consists in the fact that it relies on the granite foundation of Marxist-Leninist theory, always proceeds from a sober calculation of objective conditions, from cognized objective laws of the development of society.

Comrade Stalin's work exposed serious idealist errors, the confusion reigning in the heads of economists on a number of questions of political economy, and the presence in individual

cases of resurgences of Bogdanovite-Bukharinitite anti-Marxist conceptions (Yaroshenko).

Before the publication of I. V. Stalin's work "Economic Problems of Socialism in the USSR", deeply incorrect, non-Marxist notions about the laws of social development under socialism were current in our economic literature and on the pages of the journal "Voprosy Ekonomiki", which seriously hindered the scientific elaboration of the problems of the political economy of socialism and the theoretical generalization of practice of socialist construction and harmed the cause of educating cadres. Idealist, voluntaristic views received their most consistent expression in N. Voznesensky's harmful, anti-Marxist booklet "The War Economy of the USSR in the Period of the Patriotic War".

In com. M. Suslov's article "On P. Fedoseev's Articles", published in the newspaper "Pravda" on December 24, 1952, it is pointed out that the journal "Voprosy Ekonomiki" played an unenviable role in spreading subjectivist conceptions alien to Marxism on questions of the political economy of socialism.

The editorial board of the journal "Voprosy Ekonomiki" recognizes this criticism as correct. The journal "Voprosy Ekonomiki" not only did not expose subjectivist conceptions in the sphere of political economy, but also, standing on subjectivist-idealist positions, provided its pages for the propaganda of these incorrect views. The editorial board of the journal "Voprosy Ekonomiki" committed a most serious mistake by placing an editorial article praising almost to the skies N. Voznesensky's anti-Marxist booklet, which represented a hodgepodge of voluntaristic views on the role of

the plan and the state in Soviet society and the fetishization of the law of value, which allegedly acts as the regulator of the distribution of labor among branches of the national economy of the USSR. Some workers of the editorial staff of the journal "Voprosy Ekonomiki" believed so much in the "Marxism" of N. Voznesensky's anti-Marxist booklet that they quoted it far and wide on the pages of the journal.

It should be noted that com. K. Ostrovitianov made a mistake by speaking out with articles praising Voznesensky's harmful, anti-Marxist booklet. As the editor-in-chief of the journal "Voprosy Ekonomiki" and as the author of a number of articles containing subjectivist directives in questions of planning, he bears primary responsibility for the propaganda of these directives, which hindered the scientific elaboration of the problems of the political economy of socialism. An unenviable role in praising N. Voznesensky's booklet was played by coms. A. Leontiev, G. Kozlov, L. Gatovsky, I. Gladkov, P. Belov, Y. Kronrod, and others.

A. Leontiev in the brochures "The Subject and Method of Political Economy", "The Political Economy of Socialism in the Works of Lenin and Stalin", and in some articles declared views considering that the economic laws of socialism do not depend on people's consciousness to be non-Marxist, and argued that national economic planning is the economic law of the socialist mode of production.

In a laudatory review of Voznesensky's booklet and in a number of articles published in the journal "Voprosy Ekonomiki", G. Kozlov propagated subjectivist views,

asserting that the source of the movement and development of the socialist economy is the planning socialist state.

In the books published by the Institute of Economics by I. A. Gladkov "Essays on the Construction of the Soviet Planned Economy in 1917–1918" and "Questions of Planning the Soviet Economy in 1918–1920", the role of the national economic plan and the state in the development of the socialist economy is treated from subjectivist-idealist positions. I. Gladkov even attempts to attribute his subjectivist directives to the classics of Marxism-Leninism. "In the works of the founders of Marxism-Leninism," he writes, "planned management of the economy is characterized as an economic law of the socialist system...". At the same time, com. Gladkov considers that the state "acts as the source of movement and development of the economy". Along with this, in com. Gladkov's book there is a fetishization of the law of value in the spirit of Voznesensky's vicious booklet.

Subjectivist directives on the question of the role of the state were also propagated by L. Gatovsky in the article "On the Economic-Organizational Activity of the Soviet State in the Post-War Period" ("Voprosy Ekonomiki" No. 3, 1951). He asserted that "socialist planning is the law of development of the USSR", that the realization of the economic laws of socialism "is possible only through the planned activity of the Soviet people, its state".

I. Anchishkin, V. Vengher, A. Sanina denied the objective character of economic laws under socialism, asserting that the state creates economic laws, that economic laws arise only thanks to the conscious action of Soviet people.

Errors of the same kind were also contained in the editorial articles of the journal "Voprosy Ekonomiki". Thus, in the leading article "For the Creative Development of Economic Science" (No. 7, 1950), the main shortcoming in Soviet economic literature and in teaching practice was seen not in the ignoring of the objective character of the economic laws of socialism, but in the allegedly existing underestimation of the influence of the superstructure—political, ideological—on the economy. At the same time, the article gave a subjectivist-idealist interpretation of the plan.

The erroneousness of such assertions consists in the denial of the objective character of economic laws existing independently of the will and consciousness of people, in the denial of the Marxist-Leninist proposition on the determining role of the economy in the development of society, in the perversion of the Marxist-Leninist proposition on the reverse active impact of the superstructure on the basis that gave birth to it.

As I. V. Stalin showed, to deny the objective character of economic laws means to break with Marxism and take the path of subjective idealism, it means to liquidate political economy as a science, to deprive oneself of the possibility of foreseeing the course of events in the economic life of the country, i.e., to deprive oneself of the possibility of establishing the most elementary economic leadership. Comrade Stalin points out that "ultimately we would find ourselves at the mercy of the arbitrariness of 'economic' adventurers ready to 'destroy' the laws of economic development and 'create' new laws without understanding and taking into account objective regularities".

Comrade Stalin in his work discovered the law of planned (proportional) development of the national economy and showed its objective character, pointed out the inadmissibility and harmfulness of confusing annual and five-year plans with the objective economic law of planned development of the national economy. The law of planned development of the national economy makes it possible for our planning bodies to plan social production correctly.

Comrade Stalin showed that national economic plans reflect the requirements of the law of planned (proportional) development of the national economy. The planning of the national economy, Comrade Stalin points out, can achieve positive results only on condition that it correctly reflects the requirements of the law of planned development of the national economy and if it conforms in everything with the requirements of the basic economic law of socialism. Our planning practice by itself cannot yield proper positive results if it does not reckon with the main task of socialist production, does not rely on the basic economic law of socialism.

In the works of the Institute of Economics and in the journal "Voprosy Ekonomiki", the subjectivist, idealist proposition on the "transformation" of the law of value was widely propagated, as well as incorrect views on the question of the necessity and role of commodity production and the law of value under socialism.

Comrade Stalin exposed the unscientific nature of such assertions, showed that commodity production cannot be regarded as something self-sufficing, independent of surrounding conditions. I. V. Stalin pointed out that the

necessity of preserving commodity production and commodity ties between the city and the collective farm countryside is caused by the presence in the USSR of two main forms of socialist production—state and collective farm. Comrade Stalin teaches that commodity production under conditions of socialism is not ordinary commodity production, but commodity production of a special kind, commodity production without capitalists, which deals mainly with the commodities of integrated socialist producers (the state, collective farms, cooperatives), the sphere of operation of which is restricted to articles of personal consumption and which, obviously, cannot by any means develop into capitalist production. The law of value under socialism is not the regulator of production. Only in the sphere of commodity circulation, in the sphere of exchange, mainly of articles of personal consumption, does the law of value, Comrade Stalin points out, retain within known limits the role of regulator. The law of value exerts an impact on production, but this impact is not regulating.

Comrade Stalin exposed the error of certain economists who from the fact of the existence of commodity forms of production under socialism drew the conclusion that we supposedly must restore all economic categories proper to capitalism: labor power as a commodity, surplus value, capital, profit on capital, average rate of profit, etc. Comrade Stalin showed that from the old categories of capitalism mainly the form, the external appearance remained with us, whereas in essence they have changed radically with us, in adaptation to the needs of the development of the socialist national economy.

Economists V. Vengher and A. Sanina made a gross mistake by coming out with a proposal to sell into ownership to collective farms the basic instruments of production concentrated in MTS. Comrade Stalin pointed out that by proposing the sale of MTS into ownership to collective farms, coms. Sanina and Vengher take a step backward in the direction of backwardness and try to turn back the wheel of history. Comrade Stalin emphasized that the main error of coms. Sanina and Vengher is that they do not understand the role and significance of commodity circulation under socialism, do not understand that commodity circulation is incompatible with the prospect of transition from socialism to communism. This profound delusion arose on the basis of a misunderstanding of Marxism.

Some philosophers and economists incorrectly, metaphysically understood the full conformity of production relations to the character of productive forces. Thus, com. Glezerman wrote that "between the character of productive forces and the type of production relations established under socialism there is not and cannot be any contradiction"[1].

Economist A. I. Notkin asserted that full conformity of production relations to the character of productive forces can take place only under socialism and communism.

Comrade Stalin exposed the erroneousness of such views, showed that full conformity of production relations to the character of productive forces cannot be understood in the

[1] Doctor of Philosophical Sciences G. E. Glezerman, *Full Conformity of Production Relations and Productive Forces in Socialist Society*. Pravda Publishing House, 1951, p. 33.

sense that under socialism there can be no contradiction whatsoever between production relations and productive forces. Under socialism too, production relations can lag behind productive forces. But under socialism society has the opportunity to timely bring lagging production relations into conformity with the character of productive forces, without bringing the matter to a conflict between them.

Individual economists denied the inevitability of wars between capitalist countries at the present stage of development and incorrectly uncovered the goal of the modern peace movement.

I. V. Stalin's work "Economic Problems of Socialism in the USSR" teaches an implacable struggle against any distortions of Marxist-Leninist theory, against liberalism and complacency regarding ideological errors and non-Marxist "conceptions" and "points of view".

The successful development of Soviet economic science requires of Soviet economists the fearless admission and criticism of errors committed by them, the overcoming of the deeply vicious attitude toward their errors, expressed in cowardly silence, in the refusal of self-criticism. Thus, G. Kozlov, I. Gladkov, M. Rubinstein, and some other economists, speaking in the press after the publication of I. V. Stalin's work, did not subject their erroneous views to criticism. At the same time, the point is not a formal admission of errors, but to analyze these errors, to think through all conclusions stemming from them for a radical revision of old directives and a deep assimilation of the new propositions contained in Comrade Stalin's work.

This is the only possibility to get rid of the burden of old errors and clear the way for the creative elaboration of the problems of economic science on the basis of the brilliant ideas of I. V. Stalin's work "Economic Problems of Socialism in the USSR". Economists have by far not yet done everything necessary to completely overcome the errors committed by them. This could not fail to affect, and indeed affected, the quality and theoretical level of articles and reports on problems stemming from Comrade Stalin's work. The editorial board of the journal "Voprosy Ekonomiki" made a mistake when in leading article No. 10 for 1952 it criticized subjectivist and other errors that had taken place on the pages of the journal. Subjectivist errors in economic science were not sufficiently exposed at the expanded meeting of the Academic Council of the Institute of Economics dedicated to the tasks of the institute in connection with the publication of I. V. Stalin's brilliant work "Economic Problems of Socialism in the USSR", and in the review of this meeting published in the journal "Voprosy Ekonomiki" No. 12 for 1952. The task consists in completely overcoming errors in economic science.

I. V. Stalin's work "Economic Problems of Socialism in the USSR" and the decisions of the XIX Congress of the Party set before Soviet economists, above all before the Institute of Economics and the journal "Voprosy Ekonomiki", new responsible tasks on generalizing the practice of communist construction, further elaborating topical problems of the transition from socialism to communism, generalizing the experience of building socialism in the People's Democracies, and elaborating the newest phenomena of modern capitalism.

"The tasks of our movement forward," com. G. M. Malenkov said in the report of the Central Committee to the XIX Congress of the Party, "obligate party figures, workers in the sphere of social sciences, first of all economists, guided by Comrade Stalin's programmatic directives, to comprehensively elaborate the questions of Marxist-Leninist theory in inseparable connection with practical creative work".

The Institute of Economics and the journal "Voprosy Ekonomiki" have not created a fundamental turning point in their work up to now, are restructuring slowly in the direction of elaborating problems stemming from Comrade Stalin's new classic work. The institute must achieve a resolute turn in the organization of research work, in the elaboration of topical problems, ensure high quality in its works, and give the country more serious theoretical studies.

The research work of the Institute of Economics of the USSR Academy of Sciences, called upon to be the center for the scientific elaboration of Marxist-Leninist political economy, still significantly lags behind the tasks of communist construction, does not meet those high requirements that are presented by the party of Lenin and Stalin to Soviet economic science.

The institute until recently essentially did not elaborate such root questions of the political economy of socialism as the character and operation of the economic laws of socialism, topical problems of the gradual transition from socialism to communism, questions of expanded socialist reproduction, problems of commodity production and the operation of the law of value under socialism. In the institute, the questions of

the economy regime, cost accounting, labor productivity, problems of concrete economics were not investigated deeply enough.

Serious shortcomings in the work of the Institute of Economics found reflection in the journal "Voprosy Ekonomiki". The journal has not fulfilled its main task—it has not become a militant theoretical organ deeply elaborating the problems of Marxist-Leninist economic theory, has not become a center of creative scientific thought of Soviet economists.

Serious shortcomings of the journal "Voprosy Ekonomiki" are the weak theoretical coverage of the most important problems of the political economy of socialism and modern capitalism and the insufficient scientific-theoretical level of a number of published articles. The editorial board did not display the necessary boldness and persistence in raising new theoretical questions. The journal is still torn away from practice, does not give sufficient scientific generalization of the processes occurring in industry and agriculture of the USSR.

Among the major shortcomings of the journal should be included the fact that few articles appeared in the journal exposing modern bourgeois, reformist theories, exposing the bourgeois apologetics of American imperialism and its scholarly lackeys preaching a new predatory war.

Research economists do not make full use of the richest historical experience of the giant successes of the USSR to comprehensively demonstrate the advantages of the socialist system over the capitalist one, do not deeply reveal in their studies the great role of the Soviet Union as the "Shock

Brigade" of the world revolutionary and working-class movement, as the standard-bearer of advanced science, the bulwark of peace, civilization, culture, and progress.

The reason for such major shortcomings and errors in the work of the Institute of Economics and the journal "Voprosy Ekonomiki" lies first of all in the unsatisfactory deployment of scientific criticism and self-criticism.

Over recent years, the institute has not conducted serious creative discussions on the most important topical questions of the political economy of socialism and modern capitalism. The discussions conducted by the journal (on the turnover of circulating assets, on the effectiveness of capital investments, on the subject and method of statistics, on the subject and method of branch economics) are dedicated, as a rule, to non-fundamental problems of political economy and are left to drift to a significant degree. The workers of the institute and the journal have not yet understood to the end Comrade Stalin's indication that "no science can develop and prosper without a clash of opinions, without freedom of criticism".

The deployment of principled criticism in economic science, the correct organization of research work, the principled discussion of scientific works are seriously hindered by the presence of elements of clique-formed behavior in the Institute of Economics, which negatively affects the work of the journal as well: group interests of individual workers are sometimes placed above the interests of science as a whole, the interests of the state. Undoubted harm to the development of science is brought by unscrupulous, abusive criticism that takes place in the institute.

Serious shortcomings afflict the critique-bibliographical work of the journal "Voprosy Ekonomiki". Facts took place when, guided by group interests, attempts were made to use the pages of the journal for biased criticism of other people's works while simultaneously praising one's own works. An unseemly role was played in this regard by the member of the editorial board of the journal "Voprosy Ekonomiki" I. Gladkov, who for a long time headed the bibliographic department of the journal. The editorial board of the journal committed a mistake by placing A. Kursky's review praising I. Gladkov's vicious books containing subjectivist-idealist conception on questions of planning and the role of the state.

Scientific criticism in the institute and on the pages of the journal must contribute to raising research work, improving the quality of works, and correcting errors.

In the Institute of Economics, such a situation has not yet been liquidated where the elaboration of individual problems, and sometimes even branches of economic science, is monopolized by individual workers who push aside growing, fresh forces in every possible way. Some workers at the same time occupy leadership positions both in the Institute of Economics and in the editorial board of the journal "Voprosy Ekonomiki" and head departments. Such pluralism harms the main work, hinders the promotion of young scientific cadres.

The reason for serious shortcomings and errors in the work of the Institute of Economics and the journal "Voprosy Ekonomiki" also lies in the insufficiently deep mastery of the theory of Marxism-Leninism by scientific cadres. Insufficient knowledge of Marxism-Leninism manifests itself in

substituting description of economic policy facts for political economy, in the inability and incapacity to generalize historical experience and deeply penetrate into the essence of economic phenomena, in theoretical helplessness and scholasticism, in detachment from practice, in a dogmatic approach to solving questions put forward by practice, in substituting chewing over ready-made decisions and propositions for scientific work, in flooding works with citations, in simplification and vulgarization of Marxism not yet fully eradicated, in facts of bookishness and talmudism.

In the light of Comrade Stalin's new work, the decisions of the XIX Congress of the Party, the task of liquidating the lag of scientific work from practice stands before the Institute of Economics and its press organ with special acuteness.

Soviet economists and above all the Institute of Economics of the USSR Academy of Sciences must seriously turn to the tasks of theoretical research into processes and new phenomena occurring in the socialist economy.

At the center of the research activity of economists must be placed the task of a comprehensive analysis of the regularities of socialist society, the paths and means of our country's gradual transition from socialism to communism. It is necessary to put an end to the underestimation of elaborating theoretical problems, especially the problems of the political economy of socialism, to completely overcome subjectivist views alien to Marxism on the character of economic laws, as well as their fetishization, to deeply study and analyze the requirements of the laws of development of the socialist economy.

Stalin's analysis of the character of economic laws warns against sliding along the surface of phenomena, against subjective idealism, against the fetishization of laws and bare empiricism. Scientific research cannot be limited to collecting facts, their systematization, and description. Stalin's analysis points to the necessity of deep penetration into the essence of economic phenomena. Political economy generalizes the historical experience of socialist construction, deeply penetrates into the essence of phenomena, uncovers their internal connections, economic laws, and is the basis of the economic leadership of the Soviet state over the socialist economy.

The theoretical work of Soviet economists on studying economic laws must contribute to mastering the laws and the ability to apply them with full knowledge of the matter.

The programmatic proposition on the three main preliminary conditions for preparing the transition to communism, elaborated by I. V. Stalin, serves as the firm scientific basis of our further movement toward the higher phase of communism. From this stems the most topical task of Soviet economists—scientifically research the questions of the preferential growth of the production of means of production, reveal the reserves of the continuous upsurge of socialist production, the paths and concrete conditions for the gradual raising of collective farm property to the level of all-people property, the paths and concrete conditions for the gradual replacement of commodity circulation by a system of product-exchange, reveal maximum possibilities for the rapid cultural growth of society, shortening

the working day, radically improving housing conditions, and raising the real wages of workers and employees.

Soviet economists must provide monographs on such problems as the elimination of the antithesis between town and country, between physical and mental labor, elaborate the question of the paths for liquidating substantial differences between town and country, between mental and physical labor.

Of enormous significance for the development of economic science are the discovery and scientific substantiation by I. V. Stalin of the basic economic law of socialism. This discovery by Comrade Stalin places the political economy of socialism on firm methodological rails, puts an end to the eclectic, superficial interpretation of the phenomena of the economic life of socialist society that existed in economic literature and in the teaching of political economy. I. V. Stalin, by formulating the basic economic law of socialism, thereby uncovered the internal unity of economic processes and phenomena connecting all laws and regularities, gave the key to a deep understanding and explanation of the economic phenomena of socialism. Soviet economists must investigate and uncover the requirements that the basic economic law places before other economic laws.

From Stalin's formula of the basic economic law of socialism it follows that the most important problems that must be systematically studied by Soviet economists are problems solving the task of ensuring the maximum satisfaction of the constantly growing material and cultural needs of all society through the continuous growth and improvement of socialist production on the basis of advanced technique. Soviet

economists must elaborate the theory of socialist reproduction and its most important problems, remembering Comrade Stalin's indication that Marx's reproduction scheme does not exhaust the specifics of capitalist production, but contains a whole number of fundamental tenets having force for all social formations, including and especially for the socialist social formation.

Economists must pay attention to questions of the distribution of national income, which must be studied in application to the conditions of the Soviet economy and the economy of the People's Democracies. It is proper to comprehensively investigate the conditions of proportionality of expanded socialist reproduction on the basis of Marx's theory of reproduction, give a concrete analysis and generalization of the historical experience of the development of the socialist economy.

Soviet economists, relying on the basic economic laws of socialism and modern capitalism discovered by Comrade Stalin, must show in their studies the development of two diametrically opposed lines of social development—the ascending, progressive line of development of the economy of the socialist camp and the reactionary, descending line of development of the economy of the imperialist camp, the immeasurable superiority of the socialist system over the capitalist one.

Developing the propositions of Marxism, Comrade Stalin comprehensively analyzed and substantiated the law of mandatory conformity of production relations to the character of productive forces, dealt a crushing blow to metaphysical

notions about the character of this law under socialism. Soviet economists must timely notice ripening contradictions between production relations and productive forces and timely outline paths to their overcoming by way of adapting production relations to the growth of productive forces.

Comrade Stalin pointed out that in the course of the further development of the socialist economy there will take place contradictions between production relations and developing productive forces, for example, in connection with the existence of group, collective farm property and commodity circulation, and uncovered the paths for liquidating these contradictions by way of the gradual raising of collective farm property to the level of all-people property and the introduction of product-exchange also in an order of gradualness instead of commodity circulation. These scientific discoveries of Comrade Stalin show Soviet scientists one of the most important directions of their research work.

For the successful solution of the practical task of correctly reflecting the law of planned development of the national economy in national economic planning, it is necessary that Soviet economists comprehensively investigate its requirements of mutual coordination and proportionality of all branches of the national economy and enterprises in the most reasonable and effective utilization of means of production, labor, and financial resources. It is necessary to study how the requirements set by the basic economic law of socialism before the law of planned development of the national economy are concretized at each definite segment of time of the development of the Soviet economy. Soviet economists need to

closely engage with problems of the balance of the national economy, carefully study necessary proportions in the development of the national economy, timely discover ripening disproportions in certain sectors of socialist production, outline paths for their timely prevention.

Comrade Stalin in his new work brilliantly substantiated the necessity of commodity production of a special kind and the operation of the law of value in the socialist economy, uncovered the connection of the law of value with the law of planned development of the national economy, showed that the law of planned development of the national economy restricts the sphere of operation of the law of value, the degree of its impact on production. Soviet economists must study the sphere of operation of the law of value and the degree of its impact on production so as to help practitioners skillfully use this law in the interests of strengthening and developing socialist production. They must provide works showing how in the process of planned leadership over the national economy the law of value is taken into account and its impact on production is used for calculation, for reducing production cost, raising profitability, etc.

Soviet economists, proceeding from I. V. Stalin's new work, must create studies on questions of cost accounting, finances, credit, monetary circulation.

Guiding themselves by Stalin's proposition on the fundamental difference of commodity production under socialism from capitalist commodity production, Soviet economists must bring the concepts and categories of commodity production into

conformity with that new content that these concepts and categories acquired in the conditions of the socialist economy.

The fifth Stalinist five-year plan is a new major step on the path to communism. Soviet economists and the Institute of Economics must in the shortest possible time provide scientific studies connected with concrete national economic tasks, helping the party and government to successfully solve the tasks of the five-year plan. In these studies, a large place must be allotted to questions of the further development of socialist industry and transport, the question of solving the main task in the sphere of agriculture, questions of labor organization, technical progress in the entire national economy, the rational deployment of productive forces. These studies are called upon to contribute to strengthening the economy regime, uncovering internal reserves lurking in the depths of the socialist economy, to contribute to raising labor productivity, reducing output cost, increasing accumulations.

An urgent task of Soviet economists is the elaboration of economic problems connected with the great construction projects of communism, the prospective development of productive forces of various economic regions of the country. Economists must, on the basis of studying the modern state of basic branches of the economy, as well as construction practice, outline the paths for further, most rational specialization and complex development of industry and agriculture, create works dedicated to questions of the socialist deployment of industry and transport.

As we move toward communism, questions of the economics of production acquire an ever more topical significance.

Mastering the economics of production often decides the success of fulfilling and overfulfilling the plan. It is not for nothing that a powerful mass movement unfolded across our country for the maximum utilization of production capacities, for accelerating the turnover of circulating assets, for economy in the expenditure of materials and better utilization of equipment. Economists must provide a number of study aids and popular works helping the party active, economic managers, and the broad masses of workers and collective farmers in the matter of mastering the economic laws of socialism and the ability to use these laws in the practice of communist construction.

Of importance is the elaboration of problems of building socialism in the People's Democracies, studying new economic interrelations between the countries of the camp of socialism and democracy headed by the Soviet Union.

It is necessary to study and analyze the regularities of development of the economy of the People's Democracies on the path to socialism, elaborate questions on the successes of industrialization, on the gradual socialist transformation of agriculture in the people's democratic countries.

Comrade Stalin's work "Economic Problems of Socialism in the USSR" set big tasks before Soviet economists in the sphere of studying the phenomena of modern capitalism. Comrade Stalin gave a deepest Marxist analysis of the disintegration of the single all-embracing world market and the deepening of the general crisis of the world capitalist system, the contraction of the sphere of application of forces of the main capitalist countries to world resources, showed the causes of the

aggravation of contradictions in the camp of imperialism and the inevitability of wars between capitalist countries, uncovered the roots of the aggressive policy of American imperialism.

Comrade Stalin showed that the building of communism in our country takes place in an atmosphere of the struggle of two camps—the camp of imperialist reaction headed by the United States of America and the camp of democracy, peace, and socialism headed by the USSR. Soviet economic science must systematically investigate new phenomena and processes occurring in the capitalist world, in individual capitalist countries. The key to understanding these phenomena, to understanding all main sides and all main processes of the development of modern capitalism is given by the basic economic law of modern capitalism discovered by Comrade Stalin. Soviet economists face the task of giving serious studies on questions of the modern stage of the general crisis of capitalism, its further deepening in connection with the disintegration of the single world market, on questions of the features of capitalist reproduction and markets in post-war conditions, when the sphere of application of forces of the main capitalist countries (USA, England, France) to world resources has contracted, on uncovering the aggravating contradictions of imperialism, the growth of contradictions between capitalist countries, first of all between the USA and England, giving studies investigating the state of the economy of capitalist countries developing under the sign of militarism and the arms race, showing the ripening of a new destructive economic crisis.

I. V. Stalin's work "Economic Problems of Socialism in the USSR" and his speech at the XIX Congress of the Party set the task of deploying in every way a militant, offensive criticism of modern reactionary bourgeois economic theories. Soviet economists must deal crushing blows first of all to the main, most dangerous and especially harmful trends in modern bourgeois pseudoscience and their representatives.

Special attention should be paid to questions of investigating the problems of monopoly capitalism of the United States of America. Soviet economists are called upon to expose the predatory nature of American imperialism, to show that it acts as an international exploiter and enslaver of peoples, as a world gendarme trying everywhere to implant fascism and strangle freedom, as a reaction force from which the greatest threat to the cause of peace, freedom, and independence of all peoples emanates, to expose all apologists of bloody American imperialism—the bitterest enemy of mankind.

Serious studies must be dedicated to the position and struggle of the working class and all working people in capitalist countries, the national liberation movement of peoples of colonial and dependent countries oppressed by imperialism, as a result of the powerful upsurge of which the disintegration of the colonial system of imperialism is actually taking place. Soviet economists are obligated to expose the intensification of oppression and exploitation of working people in the countries of the capitalist world, the deepening of antagonistic contradictions tearing apart the capitalist system, inevitably leading to the revolutionary destruction of capitalism and its replacement by a higher social system—communism.

Directing the main blow against reactionary bourgeois theories, the Institute of Economics and the journal "Voprosy Ekonomiki" must zealously safeguard the purity of Marxist-Leninist theory, resolutely suppress any manifestations of noxious bourgeois ideology, not allow alien ideas and theories to penetrate into our economic literature, hold high the banner of party-mindedness in science.

Mindful of I. V. Stalin's indication that no science can develop and prosper without a clash of opinions, without freedom of criticism, it is necessary to use the full force of principled criticism and self-criticism for the further upsurge of economic science. It is necessary to resolutely put an end to facts of vulgarizing criticism, substituting settling personal scores for criticism, squabbling. It is necessary to organize the work of academic councils of economic scientific institutions so that they practice scientific discussions more widely, deploy genuinely scientific criticism of discussed works, help raise the quality of scientific production.

A most important condition for improving the work of the Institute of Economics and the journal is work with cadres. In the institute, proper care for the training and education of highly qualified scientific cadres is not displayed, careful selection into postgraduate and doctoral studies is not carried out, a significant part of postgraduates have not defended dissertations. There is still insufficient care for the growth of workers' scientific qualifications, for raising their ideological-political level, for educating them in the spirit of criticism and self-criticism, in the spirit of high exactingness and responsibility for the entrusted cause.

It is time to put an end to all these shortcomings.

The main thing is to raise the scientific level of works, ensure the ideological growth of scientific economic cadres, organize the matter of deep mastery of Marxist-Leninist theory by cadres. In this matter, an enormous role is called upon to be played by the study of the works of V. I. Lenin and I. V. Stalin and the decisions of the XIX Congress of the Party by economists. The leadership of the Institute of Economics must strengthen the composition of institute workers with qualified and politically verified cadres. It is necessary to establish order in the matter of training highly qualified cadres, boldly promote young cadres, put an end to the monopoly of individual scientists.

The publication of I. V. Stalin's brilliant work and the decisions of the XIX Congress of the Party require a radical restructuring of the work of the journal "Voprosy Ekonomiki", a stubborn and persistent struggle for turning it into a genuinely militant and theoretical organ of Soviet economic thought, deeply elaborating the problems of Marxist-Leninist economic theory, questions of the political economy of socialism and capitalism, waging a systematic struggle against apologetic bourgeois and reformist theories, tirelessly exposing aggressive imperialist ideology, first of all of American-English imperialists.

Soviet economists, armed with the brilliant ideas of I. V. Stalin's work "Economic Problems of Socialism in the USSR" and the historic decisions of the XIX Party Congress, will apply all efforts to successfully develop Marxist-Leninist economic theory, to be at the height of those tasks set before

them by the Communist Party, the great luminary of science, the architect of communism Comrade Stalin.

Questions of Economics, No.1, 1953.

A. Lyapin

I. V. STALIN ON THE BASIC PRELIMINARY CONDITIONS FOR PREPARING THE TRANSITION TO COMMUNISM

I. V. Stalin's brilliant work "Economic Problems of Socialism in the USSR" is the greatest contribution to Marxist-Leninist science, marking a new stage in its development. In this work, all root, vitally important questions that confronted our country during the period of the gradual transition from socialism to communism received deep theoretical elaboration and scientific illumination. Comrade Stalin comprehensively investigated the laws of social production and distribution of material goods in socialist society, defining the scientific foundations of the socialist economy. I. V. Stalin's new work is a programmatic document of scientific communism. It puts forward and scientifically substantiates programmatic propositions on the basic preliminary conditions for preparing the transition to communism, and defines the paths and regularities of the fundamental transition from one economy—the economy of socialism—to another, higher economy—the economy of communism.

Some Soviet economists erroneously reduced the problem of transition to communism exclusively to questions of achieving a corresponding level of development of productive forces or even creating a corresponding "technical base". Thus, L.

Yaroshenko, trying to revive anti-Marxist Bogdanovite-Bukharinitite "conceptions", asserted that for the transition to communism it is sufficient to ensure a certain mythical "highest scientific" or "rational" organization of productive forces, which allegedly exhausts the essence of the communist system. He denied the active role of production, economic relations under socialism; instead of full-blooded social production, he produced, as I. V. Stalin points out, "a one-sided and meager production technology—something like Bukharin's 'social-organizational technique'"[2].

Comrade Stalin exposed these anti-Marxist views and showed that in order to prepare a real, and not declarative, transition to communism, it is necessary to carry out at least three basic preliminary conditions: it is necessary, firstly, to firmly ensure not a mythical "rational organization" of productive forces, but the continuous growth of all social production with the preferential growth of the production of means of production; it is necessary, secondly, by way of gradual transitions to raise collective farm property to the level of all-people property, and to replace commodity circulation, likewise by way of gradual transitions, with a system of product-exchange; it is necessary, thirdly, to achieve such a cultural growth of society as would ensure for all members of society the all-around development of their physical and mental abilities.

Comrade Stalin gave a scientific solution to such most important social problems and programmatic questions of communism as the elimination of the antithesis between town

[2] I. Stalin, *Economic Problems of Socialism in the USSR*. Gospolitizdat, 1952, p. 64.

and country, between physical and mental labor, and for the first time in Marxist science elaborated the question of liquidating the substantial differences between them that still remain in socialist society.

Characterizing I. V. Stalin's role in the development of Marxist-Leninist science, com. G. M. Malenkov in the report to the XIX Congress of the CPSU emphasized that "the party's plans for the future, determining the prospects and paths of our movement forward, rely on the knowledge of economic laws, rely on the science of building communist society elaborated by Comrade Stalin"[3].

The XIX Congress of the Party decided to produce a revision of the existing party program, guided by the fundamental propositions of Comrade Stalin's work "Economic Problems of Socialism in the USSR", and created a Commission for the revision of the program under the chairmanship of I. V. Stalin. Proceeding from Comrade Stalin's great scientific discoveries, the XIX Congress elaborated and approved directives on the fifth five-year plan for the development of the USSR, the fulfillment of which will signify a major step along the path of our country's development from socialism to communism.

Comrade Stalin's brilliant work arms the party and the Soviet people with a deep understanding of the economic laws of socialism and the paths of transition from socialism to communism, inspiring working people to new heroic deeds in the name of humanity's happiness.

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[3] G. Malenkov, *Report to the XIX Congress of the Party on the Work of the Central Committee of the C.P.S.U.(B.)*. Gospolitizdat, 1952, p. 103.

1. Continuous Growth of All Social Production with the Preferential Growth of the Production of Means of Production

To prepare the transition to communism, Comrade Stalin teaches, it is necessary, firstly, to firmly ensure "the continuous growth of all social production with the preferential growth of the production of means of production. The preferential growth of the production of means of production is necessary not only because it must provide equipment both for its own enterprises and for the enterprises of all other branches of the national economy, but also because without it expanded reproduction is generally impossible"[4].

The continuous growth of all social production with the predominant growth of the production of means of production ensures the powerful development of productive forces, makes it possible to saturate the country with articles of consumption, and create an abundance of products. At the same time, it prepares the material conditions for raising collective farm property to the level of all-people property and liquidating the substantial difference between town and country, contributes to raising the cultural level of all Soviet society and liquidating the substantial difference between mental labor and physical labor.

The socialist system has created all conditions for the continuous growth and improvement of social production. If our country's productive forces have achieved colossal development, this is due to the fact that old, capitalist production relations in our industry and in our agriculture were

[4] I. Stalin, *Economic Problems of Socialism in the USSR*, pp. 66–67.

replaced by new, socialist production relations. Without this radical revolution in production, economic relations, our productive forces would languish just as they languish now in capitalist countries.

Unlike capitalism, where the direct aim and moving motive of social production is the extraction of maximum profits by capitalists, under socialism the aim of production is not profit, but man with his needs, the satisfaction of his material and cultural needs. Comrade Stalin teaches that "ensuring the maximum satisfaction of the constantly growing material and cultural needs of all society is the aim of socialist production; the continuous growth and improvement of socialist production on the basis of advanced technique is the means for achieving the aim"[5].

The discovery and scientific substantiation by I. V. Stalin of the basic economic law of socialism has tremendous theoretical and practical significance in the matter of building communist society. The basic economic law of socialism determines all main sides and main processes of economic development in socialist society; all other economic laws of socialism operate on the basis of the basic economic law. Relying on the basic economic law of socialism, the Soviet state ensures the continuous growth and improvement of social production.

The socialist industry of the USSR, unlike the industry of capitalist countries, steadily proceeds along an ascending line, on the basis of the development of peaceful production. In 1951, the volume of industrial production in the USSR

[5] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 78.

increased in comparison with 1929 by almost thirteen times. Meanwhile, US industrial production over the period from 1929 to 1939 marked time and only at the expense of a sharp increase in military production during the Second World War and then the war against the Korean people increased in 1951 in comparison with 1929 by two times. England's industrial output grew over this same period by 60%, while in a number of other capitalist countries of Western Europe industry is still marking time around the 1929 level.

As a result of the continuous growth of social production in the USSR, per capita industrial output at present is significantly greater than in the pre-war period. Thus, per capita electricity generation in 1951 exceeded the 1940 level by more than two times, pig iron by 50%, steel by 70%, coal by 60%, cement by more than two times, cotton fabrics by more than 60%, paper by 20%, woolen fabrics by 70%, etc.

Major successes have also been achieved in raising the productive forces of agricultural production. Our socialist farming differs radically from old, low-yield, extensive farming. The gross harvest in 1952 amounted to 8 billion poods. Com. G. M. Malenkov in the report to the XIX Congress of the Party emphasized that the grain problem, previously considered the most acute and serious problem, has been resolved successfully, resolved finally and irrevocably. The production of cotton, sugar beets, and other industrial crops developed at especially rapid tempos in the post-war period.

The fifth five-year plan will serve as an important stage on the path of our country's transition from socialism to communism.

The directives of the XIX Congress of the Party on the fifth five-year plan for the development of the USSR determine a new powerful upsurge of all branches of the national economy. The five-year plan envisages raising the level of industrial production in 1955 by approximately 70% in comparison with 1950. At the same time, the production of machine-building and metalworking output over the five-year period will increase approximately two times. In huge scales, the construction of new enterprises and structures is being deployed in the new five-year plan, and significant technical progress is being implemented in all branches of the national economy. The fifth five-year plan once again demonstrates before the entire world the great vital force of socialism, the root advantages of the socialist system of economy over the capitalist system.

A most important condition for the continuous and rapid growth of all social production is the preferential growth of the production of means of production in comparison with the production of articles of consumption. Industry producing means of production, first of all instruments of production, belongs the leading role in the national economy. It makes it possible to supply with instruments of production, to equip with the newest technique industry, transport, and agriculture, to ensure the continuous and rapid upsurge of the entire national economy, without which the transition to communism is unthinkable. The priority development of the production of means of production makes it possible to raise social production to a new, higher technical level and ensure a higher labor productivity in comparison with capitalism.

"The rise in labor productivity," Lenin wrote, "demands, first of all, ensuring the material basis of large-scale industry: the development of the production of fuel, iron, machine-building, the chemical industry"[6].

In the directives of the XIX Congress of the Party on the fifth five-year plan, the average annual growth tempo of the production of means of production (Group "A") is defined at 13% and the production of articles of consumption (Group "B") at 11%. In fact, over the first two years of the five-year plan, the average annual growth of the production of means of production constitutes 15%.

The growth of the production of means of production and the growth of agricultural output create a solid basis for the development of industry producing articles of consumption. The total output volume of this industry in 1951 was greater than in the pre-war year of 1940 by 43%, and in 1952—greater by approximately 60%. This makes it possible to more fully satisfy the growing needs of working people.

The growth of all social production under socialism is based on the continuous development and improvement of production technique. Under the capitalist system, new technique is introduced only when its application ensures maximum profits for capitalists.

"Capitalism stands for new technique when it promises it maximum profits. Capitalism stands against new technique and

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6 V. I. Lenin, *Works*, vol. 27, p. 228.

for the transition to manual labor when new technique no longer promises maximum profits"[7].

In contrast to capitalist countries, in the USSR thanks to the advantages of the socialist system of economy, technique develops unhindered and at accelerated tempos. The socialist system turned machines from a means of exploiting labor power into a means of easing the labor of workers. That is why under conditions of socialism workers with great eagerness use machines in the labor process and introduce radical changes into the methods of production work.

In the post-war years, all branches of industry were equipped with new machines and mechanisms, more perfect technological processes and methods of organization of production were introduced. The successful introduction of new technique made it possible on a large scale to carry out the further technical re-equipment of the national economy and raise the level of mechanization of labor-intensive and heavy work. In the coal industry, the mechanization of basic coal extraction processes has practically already been completed. In ferrous metallurgy, the control of the thermal process in blast and open-hearth furnaces has been almost fully automated. Automation and telemechanics are being widely introduced at power stations. Major successes have been achieved in the matter of mechanization of construction and loading-unloading work.

In the fifth five-year plan, the mechanization of heavy and labor-intensive work in industry and construction will be

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[7] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 40.

completed in the main, the further development of complex mechanization will be implemented, the automation of production processes in ferrous metallurgy, at power stations, and in other branches of industry will receive wide application. In agriculture, the mechanization of basic field work in collective farms will be completed, the mechanization of labor-intensive work in animal husbandry and other branches of production will be widely deployed. Already now in a number of regions, complex mechanization of agricultural production is being implemented.

Of paramount significance for firmly ensuring the growth of all social production is the further electrification of the country. Proceeding from Lenin's formula "Communism is Soviet power plus the electrification of the whole country", the party and the Soviet government ensure the mass application of electrical energy in all branches of the national economy. The electrical equipment per worker in industry calculated per single worker increased in 1950 in comparison with the pre-war year of 1940 by one and a half times. The power stations of the Soviet Union at present generate in a single month as much electricity as the power stations of pre-revolutionary Russia generated over five years.

In the struggle for technical progress, a major role belongs to science. Advanced Soviet science contributes to the further upsurge and improvement of social production, accelerates our country's movement toward communism. Thanks to the tireless cares of the party and government for the development of science in the post-war period, our scientists have solved many scientific problems of major national economic significance. In

a number of branches of knowledge, our scientists have taken first place in world science.

Of enormous significance for the further growth of productive forces in the USSR is the plan for the transformation of nature elaborated on the initiative of Comrade Stalin. The transformation of nature will ensure high and stable yields, a new powerful upsurge of socialist farming, the further growth of the prosperous and cultural life of working people.

The construction of gigantic hydroelectric power stations opens up majestic prospects for transforming the nature of vast regions of the country. The great Stalinist construction projects of communism will make it possible to sharply increase the electricity supply of all branches of the national economy, will create conditions for further technical progress, for a new powerful upsurge of productive forces. The mass introduction of electricity into production will ensure the completion of complex mechanization, the rapid development of production automation, will make it possible to significantly ease the labor of workers and raise its productivity. The construction of grandiose hydroelectric power stations opens broad possibilities for the electrification of agricultural production, the introduction of electric plowing, the application of electric combines and other agricultural machines with electric drives.

The great structures of the Stalinist epoch with new force demonstrate the decisive advantages of the socialist system over the capitalist system, express the continuous and rapid growth of the economic might of the Soviet state, our country's movement toward communism.

2. Raising Collective Farm Property to the Level of All-People Property

To prepare the transition to communism, Comrade Stalin teaches, it is necessary, secondly, "by way of gradual transitions carried out with advantage for the collective farms and, consequently, for all society, to raise collective farm property to the level of all-people property, and to replace commodity circulation, likewise by way of gradual transitions, with a system of product-exchange, so that the central power or some other socio-economic center can embrace the entire output of social production in the interests of society"[8].

At present in the USSR there exist two main forms of public property: state (all-people) and collective farm. Both these forms of public property are socialist. State property is the highest form of public socialist property, since the means of production and products of social labor belong here to the entire people; it has decisive significance in the socialist economy. Socialist collective farm property is group property. It arose as the only possible form of transferring small-peasant economies onto the socialist path of development. The collective farm, Comrade Stalin teaches, is an unusual enterprise; it operates with the aid of basic instruments of production and on land representing not collective farm, but all-people property.

However, although the basic means of production in collective farm enterprises (land, machines) belong to the state, the output of collective farm production constitutes the property of individual collective farms, since the labor in collective farms,

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[8] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 67.

as well as seeds, is their own, and the land that is granted to collective farms for eternal use is disposed of by the collective farms practically as their own property, despite the fact that they cannot sell, buy, rent, or mortgage it. As a result, the state can dispose of only the output of state enterprises, whereas collective farm output is disposed of by the collective farms themselves as their own property. This circumstance leads to the preservation of commodity production at the stage of socialism, although with a restricted sphere of operation. Collective farms in our socialist conditions alienate the surpluses of their production as commodities: a significant part of collective farm output enters the market and is included in the system of commodity circulation. "The collective farms at present accept no other economic ties with the city except commodity ties, except exchange through purchase and sale"[9].

Group (collective farm) property, commodity circulation, Comrade Stalin points out, are at present successfully used for the development of the socialist economy and bring undeniable benefit to our society. They will bring benefit in the near future as well. As long as two main production sectors remain in the socialist economy—state and collective farm—commodity circulation with its "money economy" remains in force as a necessary and very useful element in the system of our national economy. But "commodity circulation is incompatible with the prospect of transition from socialism to communism"[10]. Marxism-Leninism teaches that the transition from socialism to communism and the communist principle of distributing

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9 *Ibid.*, p. 16.

10 *Ibid.*, p. 92.

products according to needs excludes any commodity exchange, and consequently also the conversion of products into commodities, and along with this their conversion into value. The disappearance of commodity exchange and the causes generating it is a condition for the transition to communism. "...When instead of two main production sectors, state and collective farm, there appears a single all-embracing production sector with the right to dispose of all consumer output of the country, commodity circulation with its 'money economy' will disappear, as an unnecessary element of the national economy"[11].

I. V. Stalin exposed the profound erroneousness of the views as if under socialism there is no contradiction whatsoever between production relations and productive forces of society. Of course, our present production relations, Comrade Stalin points out, are experiencing that period when, fully corresponding to the growth of productive forces, they move them forward by giant strides. But contradictions certainly exist and will exist, insofar as the development of production relations lags and will lag behind the development of productive forces. Only with the correct policy of the guiding organs of society can these contradictions not turn into an opposite, and the matter cannot reach a conflict here between production relations and the productive forces of society. The party and the Soviet state timely notice ripening contradictions and timely take measures to overcome them by way of adapting production relations to the growth of productive forces. Cooperative-collective farm property, commodity circulation are already now beginning to

[11] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 17.

hinder the powerful development of productive forces, insofar as they create obstacles for the comprehensive coverage of the entire national economy, especially agriculture, by state planning. "There can be no doubt that the further things go, the more these phenomena will hinder the further growth of the productive forces of our country"[12]. The task of the party and the Soviet state consists in liquidating these contradictions by way of the gradual conversion of collective farm property into all-people property.

I. V. Stalin comprehensively elaborated the question of measures for raising collective farm property to the level of all-people property. Comrade Stalin showed that the conversion of collective farm property into all-people property will occur not by way of nationalization of collective farm property, absorption of the collective farm sector by the state sector, but by way of gradual transitions carried out with advantage for the collective farms and, consequently, for all society as a whole. Comrade Stalin with brilliant perspicacity discovered in the system of product-exchange—the embryos of which we already have in the form of partial "commodity-exchange" (getting manufactured goods for farm produce) of agricultural products—a real and decisive means under our modern conditions for raising collective farm property to the level of all-people property. Comrade Stalin showed that the exchange of a significant part of collective farm production—surpluses of collective farm production—on the market hinders raising collective farm property to the level of all-people property right now, does not give the socialist state the opportunity to directly

[12] *Ibid.*, p. 68.

dispose of all consumer output of the country. Therefore, precisely from this end it is necessary to deploy work on raising collective farm property to the level of all-people property. "To raise collective farm property to the level of all-people property," Comrade Stalin points out, "it is necessary to exclude the surpluses of collective farm production from the system of commodity circulation and include them in the system of product-exchange between state industry and collective farms. That is the essence"[13].

Comrade Stalin set the task: organize the embryos of product-exchange existing at present in all branches of agriculture and develop them into a broad system of product-exchange so that collective farms receive for their output not only money, but mainly necessary manufactured goods. "Such a system, curtailing the sphere of operation of commodity circulation, will facilitate the transition from socialism to communism. Besides, it will make it possible to include the main property of collective farms, the output of collective farm production, in the general system of all-people planning"[14].

The system of product-exchange is unconditionally advantageous for the collective farm peasantry, for under such a system it will receive from the state much more output and at cheaper prices than under commodity circulation. Cotton-growing, flax-growing, beet-growing, and other collective farms that already now have agreements with state bodies on "getting manufactured goods" receive incomparably more benefits than collective farms not having such agreements. For

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13 *Ibid.*, p. 93.

14 I. Stalin, *Economic Problems of Socialism in the USSR*, p. 94.

their output these collective farms receive from the state not only money, but also necessary manufactured goods, moreover on very advantageous terms. In 1952 alone, collective farms and collective farmers receive a net gain in the sum of several billion rubles from product-exchange. When product-exchange is extended to all collective farms of the country and turns from embryos into a developed system, then the advantages of this system will become especially tangible for collective farmers. Comrade Stalin put forward the task—to extend the system of product-exchange to all collective farms in the country and make the benefits of product-exchange the property of our entire collective farm peasantry.

Raising collective farm property to the level of all-people property, expanding the sphere of operation of product-exchange and narrowing the sphere of operation of commodity circulation will occur on the basis of the powerful development of all social production and first of all the development of socialist industry, which will ensure a systematic increase in output released by industry to agriculture.

The system of product-exchange, I. V. Stalin points out, "will demand a huge increase in output released by the city to the countryside, therefore it will have to be introduced without special haste, as urban manufactured goods accumulate. But it must be introduced steadily, without hesitation, step by step curtailing the sphere of operation of commodity circulation and expanding the sphere of operation of product-exchange"[15].

[15] *Ibid.*.

The introduction of a broad system of product-exchange demands both the all-around development of collective farm production, the rapid growth of the communal economy of collective farms, strengthening the role of state property in socialist agriculture, strengthening the agricultural artel. The Communist Party, the Soviet government, and personally Comrade Stalin display tireless care for the protection and growth of public property, for the organizational-economic strengthening of collective farms. For the further upsurge of productive forces of socialist agriculture, the amalgamation of collective farms was of major significance. The presence of large collective farms makes it possible to more widely introduce and better utilize advanced technique, expand and improve the communal economy, makes it possible to conduct a rational economy, apply correct crop rotation, develop large-scale, highly commodity-producing production.

Of enormous significance in the matter of further strengthening the collective farm system and raising collective farm property to the level of all-people property is the concentration of basic instruments of agricultural production in the hands of the state in the person of machine-tractor stations. MTS serve as powerful levers for the growth of collective farm production and the organizational-economic strengthening of collective farms. In 1951, machine-tractor stations performed over 2/3 of all field work in collective farms.

The XIX Congress of the Party in directives on the five-year plan for the development of the USSR for 1951–1955 envisages a significant increase in the capacity of the tractor fleet of machine-tractor stations, the expansion of MTS activity

in mechanizing labor-intensive work in all branches of collective farm production, and raising their responsibility for fulfilling plans for agricultural crop yields and livestock productivity.

I. V. Stalin in his new work subjected to sharp criticism the incorrect and harmful proposal of coms. Sanina and Vengher to sell MTS into ownership to collective farms. The source of the colossal growth of agricultural production of our country, Comrade Stalin emphasizes, lies in modern technique, in numerous modern machines. At the same time, the point is not only technique in general, but that technique must be constantly improved, that old technique must be replaced by new, and new by the newest. Without this, the forward movement of our socialist farming is unthinkable, neither high yields nor an abundance of agricultural products is thinkable. But the continuous improvement of technique demands expenditures running into billions, which can pay for themselves only after 6–8 years—expenditures that even our wealthiest collective farms cannot bear. The sale of MTS to collective farms, Comrade Stalin points out, would drive into major losses and ruin collective farms, would undermine the mechanization of agriculture, would lower the tempos of collective farm production.

The experience of collective farm construction in the USSR has shown that "the concentration of basic instruments of agricultural production in the hands of the state, in the hands of

machine-tractor stations, is the only means of ensuring high growth tempos of collective farm production"[16].

Comrade Stalin showed further that the sale of MTS to collective farms would not only not accelerate our society's transition from socialism to communism, but, on the contrary, would lead it to a removal from communism. The sale of MTS to collective farms would lead to collective farms becoming owners of the basic instruments of agricultural production, which could only distance collective farm property from all-people property; it would lead to an expansion of the sphere of operation of commodity circulation, for a colossal quantity of instruments of agricultural production would fall into the orbit of commodity circulation, which could only hinder our advance toward communism. Comrade Stalin showed that the root of the error of coms. Sanina and Vengher lies in their misunderstanding of the role and significance of commodity circulation under socialism, its incompatibility with the prospect of transition to communism.

With the problem of raising collective farm property to the level of all-people property is closely connected the problem of eliminating the substantial difference between town (industry) and country (agriculture). As a result of the destruction of capitalism and the system of exploitation of man by man, as a result of the victory and consolidation of the socialist system in the USSR, the age-old antithesis of interests between town and country has disappeared. The socialist town, the working class rendered enormous assistance to the country, to our peasantry

16 I. Stalin, *Economic Problems of Socialism in the USSR*, p. 90.

in the matter of liquidating landlords and kulaks, which strengthened the soil for the alliance of the working class and peasantry. Systematic supplying of the peasantry and its collective farms with first-class technique—tractors, combines, and other machines—turned the alliance of the working class and peasantry into a friendship between them. The interests of the working class and collective farm peasantry lie on one common line, on the line of strengthening the socialist system and the victory of communism. The economic and cultural tie between town and country is becoming ever stronger. "It is not surprising therefore," Comrade Stalin points out, "that of the former distrust and all the more hatred of the country toward the town not a trace remains"[17].

But between town and country at the stage of socialism a substantial difference still remains, consisting in the fact that in industry we have all-people property in the means of production, and in agriculture—group (collective farm) property. This leads to the preservation of commodity production and commodity circulation. Only with the disappearance of the substantial difference between industry and agriculture, Comrade Stalin says, can commodity production disappear with all ensuing consequences. "Consequently, it cannot be denied that the disappearance of this substantial difference between agriculture and industry must have paramount significance for us"[18].

The problem of liquidating the substantial difference between town (industry) and country (agriculture) is a new problem that

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17 I. Stalin, *Economic Problems of Socialism in the USSR*, p. 26.

18 *Ibid.*, p. 28.

was not posed by Marx and Engels and that was for the first time put forward by the practice of socialist construction in the USSR and comprehensively elaborated by I. V. Stalin in "Economic Problems of Socialism in the USSR". The substantial difference between town (industry) and country (agriculture) will disappear on the second phase of communist society, as a result of raising collective farm property to the level of all-people property, creating a single all-people communist property in the means of production. With the disappearance of the substantial difference between town and country, class differences between the working class and peasantry will also disappear. "...Workers and peasants, as completely different economic groups, will disappear, will turn into toilers of the land and factory, i.e., will become equalized in their economic position. And what does this mean? And this means that the alliance of workers and peasants will gradually turn into a merger, into complete unity..."[19], [20].

The destruction of the substantial difference between town and country does not mean, of course, that under communism every difference between industry and agriculture will disappear. Industry and farming as branches of the national economy will differ under communism as well. V. I. Lenin pointed out that there are features of farming that are absolutely uneliminable, that owing to these features large-scale machine industry in farming will never display all those features that it has in industry. I. V. Stalin emphasizes: "The destruction of the substantial difference between industry and agriculture cannot

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19 I. V. Stalin, *Works*, vol. 8, p. 92.

20 See V. I. Lenin, *Works*, vol. 5, p. 125.

lead to the destruction of every difference between them. Some difference, although non-substantial, will certainly remain in view of differences in working conditions in industry and in agriculture"[21]. By virtue of different working conditions in industry and in agriculture, features distinguishing agricultural labor from industrial labor will also exist.

3. Cultural Growth of Soviet Society

To prepare the transition to communism, Comrade Stalin teaches, it is necessary, thirdly, "to achieve such a cultural growth of society as would ensure for all members of society the all-around development of their physical and mental abilities, so that members of society have the opportunity to receive an education sufficient to become active agents of social development, so that they have the opportunity to freely choose a profession, and not be chained for life, owing to the existing division of labor, to some single profession"[22].

For this it is necessary, Comrade Stalin points out, to achieve serious changes in the present position of labor.

It is necessary first of all to shorten the working day to at least 6, and then to 5 hours, so that members of society have sufficient free time necessary to obtain a comprehensive education.

I. V. Stalin creatively developed the Marxist proposition that "real wealth is the developed productive power of all

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21 I. Stalin, *Economic Problems of Socialism in the USSR*, p. 29.

22 *Ibid.*, pp. 68–69.

individuals"[23]. Comrade Stalin teaches that of all valuable capitals, the most valuable and most decisive capital is people, cadres. The aim of socialist production is man, the satisfaction of his material and cultural needs. At a certain stage, the growth of socialist production, the growth of labor productivity will lead to shortening the working day.

It is necessary, further, to introduce universal compulsory polytechnical education, necessary so that members of society have the opportunity to freely choose a profession and not be chained for life to some single profession. In our socialist society, in the period of transition from socialism to communism, social production develops on the basis of utilizing the highest achievements of modern science and technique, the wide application of machines and electricity. To manage this complex technique, people with serious general educational and technical training, having practical skills, are required.

Engels wrote even then that "industry managed by all society plan-conformably and in the public interest needs people with all-around developed abilities, people capable of orienting themselves throughout the entire system of production"[24]. V. I. Lenin at the III Congress of the Komsomol said: "You perfectly understand that illiterate people will not approach electrification, and simple literacy alone is not enough here. Here it is not enough to understand what electricity is: one needs to know how to technically apply it both to industry and

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[23] "From Unpublished Manuscripts of K. Marx". *Bolshevik* Nos. 11–12, 1939, p. 64.

[24] K. Marx and F. Engels, *Works*, vol. V, p. 478.

to agriculture, and to individual branches of industry and agriculture. One needs to learn this oneself, one needs to teach this to all the rising toiling generation"[25].

Proceeding from Comrade Stalin's indications, the XIX Congress of the Party, with the aim of further raising the socialist educational significance of the general educational school and ensuring conditions for students graduating from secondary school to freely choose professions, outlined proceeding in the fifth five-year plan to implement polytechnical education in the secondary school and carry out measures necessary for the transition to universal polytechnical education.

It is necessary, Comrade Stalin points out, to radically improve housing conditions and raise the real wages of workers and employees by a minimum of double, if not more, both by way of directly raising monetary wages and especially by way of further systematic price reductions on mass consumption articles.

In our country, housing and municipal construction is carried out on a huge scale. In the post-war years alone, residential houses with a total area of over 155 million sq. m have been built in towns and workers' settlements, and over 3.8 million residential houses have been built in rural localities. However, despite the large volume of housing construction, we still feel a serious shortage in housing. The fifth five-year plan envisages putting into operation through state construction new residential houses with a total area of about 105 million sq. m.

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[25] V. I. Lenin, *Works*, vol. 31, p. 264.

Capital investments for these purposes are increasing approximately two times in comparison with the preceding five-year plan.

Vivid evidence of the party's and government's care for the material needs of working people is the huge growth of national income, real wages, and raising the incomes of the collective farm peasantry. In the fifth five-year plan, the national income of the USSR will increase by not less than 60%, the real wages of workers and employees, taking into account the reduction of retail prices, will increase by not less than 35%, and the incomes of collective farmers (in monetary expression) by not less than 40%. All this will contribute to fulfilling one of the basic preliminary conditions for preparing the transition from socialism to communism.

The historical task set by Comrade Stalin at the XVIII Congress of the Party—to make all workers and all peasants cultural and educated—is successfully fulfilled in our country. In the USSR, compulsory seven-year education has been introduced. At present, the number of studying youth in the USSR constitutes 57 million people, or almost 8 million more than in 1940. The number of students in technicums and other secondary specialized educational institutions from 1940 to 1951 increased by 40%, and the number of students in higher educational institutions—by 67%. At present, about 5.5 million specialists with higher and secondary specialized education work in our country, i.e., 2.2 times more than before the war. The network of factory training schools, craft schools, technical courses has been widely deployed in our country. By way of individual, brigade, and course training at enterprises

and institutions, the qualifications of 31 million people have been raised. In agriculture, numerous qualified cadres of agronomists, tractor drivers, combine operators, brigade leaders, electricians, mechanics, chauffeurs have been created.

Since 1950, three-year agro-zootechnical courses have been created in collective farms to train collective farm cadres, where over 3 million collective farmers study without leaving production. The Soviet countryside in level of culture, in living conditions of the population is increasingly rising to the level of the town.

By the directives of the XIX Congress of the Party on the fifth five-year plan, a further huge development of public education and raising the cultural-technical level of working people are outlined. By the end of the fifth five-year plan, the transition from seven-year education to universal secondary education (ten-year school) in large towns and industrial centers will be completed, and conditions will be prepared for the full implementation in the next five-year plan of universal secondary education (ten-year school) in remaining towns and rural localities.

With the third basic preliminary condition for preparing the transition to communism is connected the problem of liquidating the substantial difference between mental labor and physical labor. This highly important problem, put forward by the practice of socialist construction in the USSR, is for the first time posed and elaborated in I. V. Stalin's new brilliant work.

As a result of the destruction of capitalism and the system of exploitation in our country, the antithesis of interests between workers of physical and mental labor disappeared. Under conditions of socialism, the labor of workers and peasants, liberated from the yoke of exploitation, is free, creative labor. In the Soviet Union, people of physical labor and the managerial personnel of enterprises are not enemies, but comrades-friends, members of a single production collective, vitally interested in the prosperity and improvement of socialist production. "Of the former hostility between them not a trace remains"[26]. However, in at present in the USSR there still exists a substantial difference between mental and physical labor, consisting in the fact that in our socialist society the gap in the cultural-technical level of workers and engineering-technical personnel has not yet been fully overcome. The problem of destroying the substantial difference between mental and physical labor, Comrade Stalin points out, has paramount significance for us. When not individual groups of workers, as takes place now, but the majority of workers raise their cultural-technical level to the level of engineering-technical personnel, our industry will be raised to a height unattainable for the industry of other countries.

The substantial difference between mental labor and physical labor under communism will disappear. In communist society there will be no people developing only one side of their abilities, chained to some single profession. Every person will have the opportunity to all-around develop and apply their abilities. Labor under conditions of highly developed technique

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[26] Stalin, *Economic Problems of Socialism in the USSR*, p. 27.

and production automation, demanding control and management of machines on the part of workers, will bear the character of engineering-technical labor combining physical and mental labor. Engels wrote in "Anti-Dühring" that in future society "productive labor, instead of being a means of enslaving people, would become a means of their liberation, granting every person the opportunity to develop in all directions and effectively manifest all their abilities, both physical and spiritual, consequently, where productive labor from a heavy burden will turn into a pleasure"[27].

But the destruction of the substantial difference between mental and physical labor will not lead to the destruction of every difference between them. A known difference between the labor of workers and the labor of managerial staff of enterprises, although a non-substantial difference, must nevertheless be preserved under communism as well, if only because working conditions of enterprise managerial staff are not identical with working conditions of workers.

The main condition for liquidating the substantial difference between mental and physical labor is the further powerful upsurge of the cultural-technical level of the working class and collective farm peasantry. A major role in this matter is called upon to be played by the introduction of universal polytechnical education. Of importance in the matter of bringing physical and mental labor closer together is complex mechanization and automation of production, further technical progress. The introduction of the newest technique leads to

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[27] Friedrich Engels, *Anti-Dühring*. Gospolitizdat, 1952, p. 278.

replacing manual labor by machine labor and contributes to raising the cultural-technical level of working people.

Over the years of Soviet power, the professional composition of our country's working class has substantially changed, its cultural-technical level has risen. At enterprises many old, obsolete professions have disappeared. In the coal industry, for example, there are no longer such heavy professions as undercutters, wheelers, horse drivers, etc. At the same time, the professions of operators of mining combines, machinists of rock-loading and coal-loading machines, electric locomotive drivers have arisen and are becoming mass professions. In the timber industry, teamsters and loaders are replaced by new professions: machinists, tractor drivers, motor-crane operators, etc. Workers in collaboration with scientists and engineers achieve major successes in the sphere of science, invention, and radical improvements in methods of production work. Many front-rankers, innovators of industry, transport, agriculture from among workers and collective farmers have been awarded Stalin Prizes.

I. V. Stalin with exhaustive completeness and scientific depth uncovered the basic preliminary conditions for preparing the transition to communism and showed that only after fulfilling all these conditions taken together will labor be turned in the eyes of society members from a burden into a prime vital need, from a heavy burden into a pleasure, and public property will be valued by all society members as an unshakeable and inviolable basis of society's existence. Only after fulfilling all these preliminary conditions taken together will it be possible to move from the socialist formula—"from each according to

his ability, to each according to his work"—to the communist formula—"from each according to his ability, to each according to his needs". "This will be," I. V. Stalin points out, "a radical transition from one economy, from the economy of socialism to another, higher economy, to the economy of communism"[28].

In socialist society, in the period of transition from socialism to communism, a new, communist attitude toward labor as an all-people cause, a cause of honor, valor, and heroism continuously grows and strengthens. But labor under socialism has not yet become a prime vital need; it is the measure of consumption of every society member. In socialist society survivals of capitalism in people's consciousness are not yet overcome, including a dishonest attitude toward labor on the part of individual society members. On the higher phase of communism, when single all-people property exists and productive forces reach full blossoming, when all society members become cultural and educated, when as a result of this survivals of capitalism in people's consciousness are finally liquidated, then labor will also turn into a prime vital need of man.

Some economists considered questions of distribution in detachment from the totality of concrete conditions of development of communist society at its first phase, in detachment from forms of property, character of labor, and cultural level of working people. The objective necessity of the socialist principle of distribution according to quantity and

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[28] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 70.

quality of labor they connected only with the level of development of productive forces and, proceeding from this, drew the conclusion that as soon as one ensures a high level of development of productive forces and an abundance of products, one can immediately move from the socialist to the communist principle of distribution. A similar error was also permitted by the author of the present article (see *Bolshevik* No. 3, 1949, pp. 54, 55, and *Voprosy Ekonomiki* No. 12, 1949, p. 33)[29].

Comrade Stalin subjected to sharp criticism the anti-Marxist views of those who tried to reduce all complex and diverse processes of transition from socialism to communism demanding the most serious economic changes to the organization of productive forces. I. V. Stalin showed that "this is a major delusion, exposing a complete misunderstanding of the laws of economic development of socialism". Comrade Stalin teaches that in order to move to the communist formula "to each according to his needs", one must pass a number of stages of economic and cultural re-education of society. Comrade Stalin warns against light-minded running ahead and transitioning to higher economic forms without prior creation of necessary prerequisites for such a transition.

The development of Soviet society from socialism to communism demands utilizing the law of value, strengthening Soviet money, cost accounting, deploying Soviet trade. But the law of value is a historical category connected with the existence of commodity production. With the disappearance of

[29] *Ibid.*, p. 66.

commodity production, Comrade Stalin points out, value with its forms and the law of value will also disappear. On the second phase of communism, labor outlays for producing products will be measured no longer in a roundabout way, not through the mediation of value and its forms, but directly and immediately by the quantity of time, the quantity of hours expended on producing products.

Some economists erroneously asserted as if the transition from socialism to communism can be carried out even while preserving commodity circulation. They did not understand the role and significance of commodity circulation under socialism, did not understand that one cannot move from socialism to communism under conditions of commodity circulation. I must acknowledge that I also permitted serious errors in illuminating these questions. Thus, in the article on the paths of building communism in the USSR published in the journal *Voprosy Ekonomiki* (No. 12, 1949, p. 38), I erroneously saw the causes of the preservation of commodity production in our society in socialist distribution according to labor. Proceeding from this, I erroneously asserted that the transition to communist distribution according to needs will itself lead to eliminating trade, money. Meanwhile, in reality, in order to implement the transition to distribution according to needs, it is necessary to preliminarily eliminate commodity circulation by raising collective farm property to the level of all-people property. I. V. Stalin deeply and scientifically showed that one cannot achieve either an abundance of products capable of covering all society's needs or the transition to the formula "to each according to his needs" while leaving in force such

economic facts as collective-group property, commodity circulation, etc.

In the period of transition from socialism to communism, the significance of communist education of working people increases especially. Educating the masses in the spirit of communist consciousness contributes to developing a new attitude toward labor, a solicitous and careful attitude toward public property, overcoming survivals of capitalism in people's consciousness. In our country socialist ideology based on the theory of Marxism-Leninism reigns. But we still preserve remnants of bourgeois ideology, survivals of private-property psychology and morality, bearers of bourgeois views and bourgeois morality remain—living people, hidden enemies of the people. These hidden enemies, supported by imperialist countries, have harmed and will harm us in the future as well. Therefore, high political vigilance and implacability toward enemies is required of all Soviet people. It is necessary to resolutely struggle against any manifestations of complacency, gapping, and carelessness, closely watch the machinations of war instigators, in every way strengthen the Armed Forces and intelligence bodies of the Soviet state.

Comrade Stalin teaches that the Soviet state is necessary not only throughout the entire stretch of development of socialist society, but under communism as well, if the capitalist encirclement and the danger of military attacks from without are preserved. In his classic work "Marxism and Problems of Linguistics", Comrade Stalin with new force emphasized and developed further the proposition on the enormous role of new social ideas and political institutions in the struggle for

strengthening and further developing the socialist system. The state is a superstructure over the economic basis of society. But, being a superstructure, the state exerts an active impact on its economic basis. Relying on the cognition of economic laws, it carries out gigantic economic-organizational and cultural-educational work.

I. V. Stalin in his work "Economic Problems of Socialism in the USSR" deeply uncovered and showed the objective character of economic laws of socialism. Deeply erroneous were the views of people who considered that our Soviet state in view of its special role can "form" new laws or "transform" them. The denial of the objective character of economic laws of socialism would lead to chaos and accidents, to the rule of arbitrariness. The party has always waged a resolute struggle against all kinds of idealist, subjectivist "theories" representing the ideological basis of adventurism in economic policy.

At the same time, Comrade Stalin emphasized that the objective character of economic laws does not mean that the actions of these laws are inescapable, that society is powerless before them. Society is not powerless in the face of economic laws; having cognized these laws, it can consciously use and apply them in the interests of society's development. Communism arises as the result of the conscious creativity of millions of working masses led by the party of Lenin and Stalin. The "theory" of letting things drift and spontaneity is deeply hostile to our socialist system, to the cause of building communism. In contrast to capitalism, where the law of competition and anarchy of production operates, the law of planned, proportional development of the national economy is

inherent in socialism. Relying on this law, the Soviet state plans economic development, ensuring the correct utilization of the country's material resources in the interests of accelerating our society's movement along the path to communism. "To ensure the continuous growth of all social production and create an abundance of products in our country," com. G. M. Malenkov said at the XIX Congress of the Party, "it is necessary to master to the end the art of planned and reasonable utilization of all material, financial, labor resources, proceeding from the requirements of the law of planned development of the national economy and conforming in everything with the requirements of the basic economic law of socialism"[30].

The party of Lenin and Stalin is the leading, guiding force of Soviet society. Armed with advanced, Marxist science, our party successfully solves the tasks of communist construction. The party deploys and strengthens the driving forces of socialist society, raises the creative energy and initiative of Soviet people, guides all activity of the socialist state.

The experience of victorious building of communism in the USSR has world-historic significance. The successes of the Soviet people in the struggle to build communist society raise the revolutionary spirit of working people of capitalist countries, strengthen their belief in their own forces, inspire the peoples of colonial and dependent countries to struggle for liberation from the yoke of imperialism. The great experience of the Soviet Union serves as an example and model for the

[30] G. Malenkov, *Report to the XIX Congress of the Party on the Work of the Central Committee of the C.P.S.U.(B.)*, pp. 105–106.

People's Democracies that have taken the path of building a socialist society. Comrade Stalin's historic speech at the concluding session of the XIX Congress of the Party, his wise words inspire and mobilize working people of the countries of the single powerful socialist camp and the peoples of the entire world to build a new life, to strengthen friendship and fraternal cooperation with the Soviet Union, to struggle against the threat of a new war and for the preservation of peace.

Armed with the great ideas of I. V. Stalin's classic work "Economic Problems of Socialism in the USSR" and his speech at the XIX Congress of the Party, the historic decisions of the Congress, the Soviet people firmly and confidently march toward the full triumph of communism.

Questions of Economics, No.1, 1953.

N. SMOLIN

ON THE RUDIMENTS OF PRODUCT EXCHANGE

One of the greatest scientific discoveries of Comrade Stalin, contained in his new genial work "Economic Problems of Socialism in the USSR," is the discovery of the necessity of the gradual transformation of collective farm property into all-people property and the introduction of product exchange—also in a gradual manner—instead of commodity circulation.

In his new classical work, Comrade Stalin showed that the presence of the collective farm form of property makes necessary the preservation of both commodity production and commodity circulation in socialist society. The collective farm form of property and commodity circulation, Comrade Stalin teaches, are necessary and very useful elements of our national economy at the present time. Undoubtedly, they will continue to be useful in the near future. But one cannot fail to see that these phenomena, at the same time, are already beginning to hinder the powerful development of our productive forces. "There can be no doubt," says Comrade Stalin, "that the further it goes, the more these phenomena will hinder the further growth of the productive forces of our country"[31].

Since collective, group property and commodity circulation constitute a necessary and very useful element of our national

[31] J. Stalin, *Economic Problems of Socialism in the USSR*. Gospolitizdat, 1952, p. 68.

economy at the present time and will be successfully used in the near future as well, they should be strengthened in every possible way. This task finds its expression in the directives of the 19th Congress of the Party on increasing the volume of gross and marketable agricultural production (and collective farm property is precisely the production of collective farms, excluding buildings and the personal husbandry of collective farmers on their homestead plots) and on the further growth of commodity turnover. But at the same time, it is necessary to raise collective farm property to the level of all-people property and expand the sphere of operation of product exchange as a higher form of economic tie between industry and agriculture.

Comrade Stalin's genial work arms the Party with the understanding of the necessity to develop collective farm property and simultaneously raise it to the level of all-people property, to develop commodity turnover and simultaneously reduce the sphere of operation of commodity circulation and expand the sphere of operation of product exchange.

Product exchange, like commodity exchange, is one of the forms of exchange of social activity. The form of property in the means of production and the form of exchange of social activity stemming from it entirely determine the forms of product distribution as well. What the form of property is, such is the form of exchange of social activity. Collective farm property gives rise to the necessity of the existence of commodity exchange as one of the forms of exchange of social activity. "The collective farms do not accept any other economic ties with the city except commodity ties, except

exchange through purchase and sale, at the present time"[32]. At the same time, as Comrade Stalin notes, we already have rudiments of product exchange, and they must be organized in all branches of agriculture and developed already now, under the conditions of the existence of the collective farm form of property, in order to reduce the sphere of operation of commodity circulation.

What is the difference between product exchange and commodity exchange? Some comrades represent this difference as the difference of barter trade that existed several millennia ago and was theoretically generalized by Marx in the doctrine of simple and expanded forms of value, and trade carried out through the medium of the money form of value. Such a notion is a profound delusion. Barter trade, which is theoretically analyzed by Marx in the doctrine of simple and expanded forms of value, is not product exchange, but the lowest form of commodity exchange.

The various stages of development of commodity exchange reflected the different level of development of social ties on the basis of different forms of property in the means of production. Product exchange, the rudiments of which already exist in the USSR, will also pass through various stages of development; but all these stages of development of product exchange will express the growth of social ties on the basis of all-people property in the means of production, and then in all production output.

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[32] J. Stalin, *Economic Problems of Socialism in the USSR*, p. 16.

So, what does product exchange represent, what is its difference from commodity exchange existing under our conditions, i.e., trade without capitalists and speculators?

Product exchange, like commodity exchange, are different forms of the exchange of people's social activity. The exchange of social activity is the basis of any human society, and the exchange of goods is inherent not in all, but only in certain social formations. The exchange of social activity takes the form of the exchange of goods under various forms of private property or under various forms of socialist property. Of course, the exchange of goods occurring on the basis of various forms of socialist property differs radically from the exchange of goods occurring on the basis of various forms of private property, by virtue of which our commodity production is commodity production of a special kind.

With the establishment of all-people property in the basic means of production, the possibility and necessity arise of the exchange of social activity, carried out not in the form of the exchange of goods, but in the form of product exchange.

Regarding the role of all-people property for the transition from commodity exchange relations to product exchange relations, V. I. Lenin wrote in May 1921 a well-known instruction from the Council of Labor and Defense to local Soviet institutions. V. I. Lenin pointed out that "the state product—the product of the socialist factory, exchanged for peasant food, is not a commodity in the political-economic

sense, at any rate not only a commodity, no longer a commodity, ceases to be a commodity..."[33].

Practical steps toward the development of product exchange were taken in the first years of the socialist revolution. This is evidenced, in particular, by Lenin's decrees on the organization of product exchange during procurements of cotton, flax, and hemp. Thus, in the decree of the Council of People's Commissars of November 2, 1920, "On the Restoration of Cotton Culture in the Turkestan and Azerbaijan Socialist Soviet Republics," it is stated: "To obligate the Central Council of People's Economy of the Turkestan and Azerbaijan Socialist Soviet Republics to organize the supply of the population with foodstuffs and mass consumption items on contractual grounds in the order of product exchange for delivered raw cotton"[34].

In the decree "On the Commodity Fund for Remunerating Flax and Hemp Growers," the composition of the fund and the norms for issuing various products and mass consumption items from it per one desiatina of flax or hemp sowing were established. In this first product exchange fund, 12 million poods of grain, 150 thousand poods of salt, 10.8 million arshins of manufactured goods, 6.9 million boxes of matches, as well as horseshoe nails, tobacco, wheel grease, tar, tire iron, axle iron, etc., were allocated.

Per one desiatina of flax or hemp sowing from this fund, 20 pounds of grain, 10 pounds of salt, 5 pounds of leather goods, 3 pounds of soap, 18 arshins of manufactured goods, 10 boxes of

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[33] V. I. Lenin, *Works*, Vol. 32, p. 362.

[34] Collection of Laws and Ordinances of the Workers' and Peasants' Government, 1920, No. 100, Art. 536.

matches, 1/2 pound of horseshoe nails, etc., were issued free of charge. The decree indicated that all these issuances must be made only to those flax and hemp growers who concluded contracts for the sowing of flax and hemp. Those who did not conclude contracts but sowed flax or hemp were obliged to deliver produce according to the prodrazvyorstka at fixed prices without the right to receive corresponding shares of the fund. Thus, the decree placed in more advantageous conditions flax and hemp growers who concluded contracts with the state for the delivery of flax and hemp.

The rudiments of product exchange that developed in subsequent years in the form of state contracting of agricultural produce through cooperative associations of small peasant farms were defined by Comrade Stalin as the domestic system of large-scale state-socialist production in the sphere of agriculture. These new relations were one of the forms of the production link between the working class and the peasantry. On the basis of all-people property, the Soviet state rendered production assistance to the poor and middle peasantry, thereby contributing to the increase in agricultural produce and preparing the peasantry to enter the path of collective farms.

The Soviet state could render production assistance to the poor and middle peasantry because all-people property existed. This assistance served as a means of increasing the production of agricultural produce. Consequently, the benefit that the poor and middle peasantry derived from the development of product exchange relations with the Soviet state not only did not undermine all-people property, but, on the contrary, contributed to the strengthening of all-people property, since

the volume of production and the volume of state procurements of agricultural produce increased.

The role of product exchange manifested itself already in the form of those rudiments of new relations between town and country that existed before the victory of the collective farm system. Product exchange, even in its embryo, being a higher form of economic tie between industry and agriculture arising on the basis of the existence of all-people property, contributed to the development of productive forces, was beneficial to small peasant farming and at the same time strengthened all-people socialist property. "Extremely interesting in this respect," J. V. Stalin pointed out, "are some new phenomena in the countryside in connection with the work of agricultural cooperation. It is known that within Selkhozsoyuz new large organizations have been born by branches of agriculture, for flax, potatoes, butter, etc., which have a great future. Of them, for example, Flax Center (*Lenotsentr*) unites a whole network of production partnerships of peasant flax growers. Flax Center is engaged in supplying peasants with seeds and instruments of production, then buys all flax produce from the same peasants, markets it on a mass scale to the market; ensures peasants' participation in profits and, thus, links peasant farming through Selkhozsoyuz with state industry. What is such a form of organization of production to be called? This is, in my opinion, the domestic system of large-scale state-socialist production in the sphere of agriculture. I am speaking here of the domestic system of state-socialist production by analogy with the domestic system of capitalism in the sphere of, say, textile production, where handicraftsmen, receiving raw materials and

tools from the capitalist and handing over all their produce to him, actually were semi-wage workers at home"[35].

Of course, the rudiments of product exchange that existed in the transitional period and the rudiments of product exchange in the period of socialism have different significance. But between them there is what is common: 1) the basis of product exchange relations was and is all-people socialist property; 2) product exchange relations contributed and contribute to the development of productive forces and therefore, creating a benefit both for the poor and middle peasantry in the transitional period and for collective farms in the period of socialism, at the same time strengthened and strengthen all-people property.

Collective farms and collective farmers at the present time receive enormous benefit from product exchange relations, since on the basis of these relations they receive in exchange for their produce much more industrial goods than on the basis of commodity exchange relations, and much more benefits than small peasant farming received. Thus, a flax-growing collective farm for every centner of flax fiber delivered to the state has the right to buy 150 kg of wheat. With an average yield of 4–5 centners of flax fiber per hectare, a flax-growing collective farm has the right to buy wheat alone, besides other products, 600–750 kg. Flax-growing collective farms receive grain at a preferential price. The price of wheat released to them by the state in the order of product exchange is lower than the retail price.

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[35] J. V. Stalin, *Works*, Vol. 6, p. 136

Flax-growing, hemp-growing, beet-growing collective farms and some others buy other products at lower prices. Flax-growing and hemp-growing collective farms have the right for every centner of delivered seeds to buy 3 kg of sugar or instead of sugar vegetable oil at lower, preferential prices. Collective farms delivering sugar beets also have the right, according to contract, for every centner of sugar beet delivered to sugar factories, to buy 650 g of sugar at a preferential price. A collective farm has the right to buy in advance 130 g of sugar for every centner of sugar beet according to the contracting plan for distribution among collective farmers working on beet cultivation.

Besides, beet-growing teams are issued sugar directly from the sugar factory at the same preferential price of 500 g for every centner of sugar beet delivered to the sugar factory above the contracting plan established for the collective farm. In the fulfillment of the contracting plan, payment in kind delivered by the collective farm for MTS work on sugar beet cultivation is also counted. The sugar factory issues beet seeds free of charge; beet-growing collective farms receive molasses and beet pulp free of charge from the sugar factory according to definite norms. Sugar factories also provide assistance according to contract to beet-growing collective farms with automobiles for hauling mineral fertilizers, beet seeds, toxic chemicals, and other agricultural cargoes. The conditions and procedure for transport are determined separately by contract for the transport of the indicated cargoes.

The sale of goods at preferential prices on the basis of "commodity provision (*otovarivaniye*)" was to give collective

farms and collective farmers in 1952 alone a net gain amounting to several billion rubles, as Comrade P. K. Ponomarenko pointed out in his speech at the 19th Congress of the Party.

In contracts for certain types of contracted agricultural produce, the issuance of monetary advances to collective farms by the procurement organization is envisaged, as well as the advance sale of goods to collective farms, for example, sugar to beet-growing collective farms. In the model contract of Glavparfyumer with collective farms for the delivery of essential oil crops, the issuance of a monetary advance is envisaged, which is paid in two terms: 50% after signing the contract and 50% after conducting the first weeding.

For the purpose of developing cotton growing, prices for cotton were raised, and prices for grain released by the state to cotton-growing collective farms in the order of product exchange were lowered. To encourage the delivery of cotton of better varieties by collective farms, the established, for example, price for the elite variety of medium-staple cotton is more than three times higher than the price for the sixth variety of cotton. Bonus-additions are issued for increasing yield.

Cotton-growing collective farms receive large monetary and in-kind advances. Advances are issued in the amount of approximately 35% of the total sum due to collective farms for all contracted produce. Monetary advances and part of the in-kind advances are issued in three terms, while another part of the in-kind advances in two terms.

Taking into account bonus-additions for increasing the yield of cotton in Central Asia and Transcaucasia, collective farms can receive in the order of product exchange for every ton of medium-staple cotton approximately 3 tons of grain. It should be kept in mind that the wheat yield on irrigated lands in Central Asia and Transcaucasia is no higher than the cotton yield. Consequently, on the basis of product exchange relations, collective farms of Central Asia can receive almost three times more grain for cotton than if they themselves engaged in the production of grain.

Collective farms receive wheat and distribute it among collective farmers in accordance with worked workdays. Industrial goods arrive at the stores of consumer cooperation, and collective farmers buy them for cash using coupons received from the collective farm board, or according to a list compiled by the collective farm board in accordance with the amount of workdays worked on cotton cultivation. Collective farmers, receiving monetary advances according to workdays, have the opportunity to pay for the in-kind advances due to them at the rural cooperative store (*selpo*). Thus, for example, in collective farms of Lenin and Markamat districts, Andijan region, Uzbek SSR, the issuance of monetary and in-kind advances in September-October 1952 was carried out every 10 days at the rate of 30–40% of the cost of one workday provided for in the estimate, which amounts to 3–5 rubles and 1–1.5 kg of grain.

Such are the benefits received under product exchange relations by cotton-growing collective farms. But these relations are also beneficial for the state and, consequently, for

the entire people. If cotton-growing collective farms did not receive wheat from the state in the order of product exchange, they would be forced to sow wheat on a significant part of the areas now occupied by cotton. And it is beneficial for the state, and consequently for the entire people, that irrigated Central Asian lands be occupied not by grain crops, but by cotton, since under the conditions of Central Asia at the present time one can obtain high-value fine-staple cotton, and the cotton yield in Central Asia is four times and more higher than the yield on non-irrigated lands of the European part of the USSR, and more than two times higher than the yield on irrigated lands of the European part of the USSR. The directives of the 19th Congress of the Party on the fifth five-year plan outline bringing the cotton yield per hectare: in the regions of Central Asia and Southern Kazakhstan up to 26–27 centners, and on irrigated lands in the southern regions of the European part of the USSR up to 11–13 centners, and on non-irrigated lands—up to 5–7 centners.

The significance of the rudiments of product exchange for the development of agriculture in the USSR can be seen from the fact that with the colossal growth of all agricultural production in the post-war period, the production of cotton and sugar beets grew at particularly fast rates. "In the post-war period, the production of cotton and sugar beets developed at particularly fast rates: in 1951, the gross output of raw cotton exceeded the pre-war level by 46 percent, and of sugar beets by 31 percent"[36]. Both of these crops were able to develop at such fast

[36] G. Malenkov, *Report to the 19th Congress of the Party on the Work of the Central Committee of the CPSU(b)*. Gospolitizdat, 1952, p. 48

rates only thanks to product exchange. If there were no product exchange, the collective farms of Uzbekistan could not have had such successes in expanding cotton production.

The benefits received by collective farms on the basis of product exchange relations with the Soviet state will spread to all collective farms as the product exchange system expands. "Is such a system beneficial for the collective farm peasantry? Unquestionably beneficial. Beneficial, because the collective farm peasantry will receive from the state much more produce and at cheaper prices than under commodity circulation. It is well known that collective farms having contracts with the government on product exchange (*'otovarivaniye'*) receive incomparably more benefits than collective farms not having such contracts. If the product exchange system is extended to all collective farms in the country, these benefits will become the property of our entire collective farm peasantry"[37].

This means that product exchange relations provide collective farms with the opportunity to receive industrial goods at cheaper prices than under commodity exchange relations. In the Soviet Union in the post-war period, retail prices have already been reduced five times. But still, prices for a number of industrial goods under product exchange are currently lower than prices in commodity circulation. They can be lower because product exchange relations contribute to the more rapid development of productive forces, and thus the benefit extracted by collective farms from these cheap prices does not hinder accumulations in state industry, but, on the contrary,

[37] J. Stalin, *Economic Problems of Socialism in the USSR*, p. 94.

contributes to the intensification of accumulations, an increase in the volume of industrial production, and the growth of well-being of the entire Soviet people. This is the advantage of product exchange. Being a higher form of economic tie between industry and agriculture compared to commodity exchange, product exchange promotes the rapid development of productive forces of agriculture, and therefore the benefits extracted by an individual collective farm simultaneously lead to an increase in national income as a whole.

As noted above, the basis of the origin and development of product exchange is all-people property and its development. Therefore, the expansion of the product exchange system depends on the increase in the output of state industry. "Such a system," Comrade J. V. Stalin points out, "will require a huge increase in output released by the city to the countryside, therefore it will have to be introduced without special haste, as urban products accumulate". But the expansion of the product exchange system, although it will require a huge increase in output released by the city to the countryside, at the same time will also yield a huge increase in agricultural produce and, among other things, raw materials for industry. It is necessary to introduce the product exchange system "steadily, without hesitation, step by step reducing the sphere of operation of commodity circulation and expanding the sphere of operation of product exchange"[38].

State expenditures on price reductions in product exchange compared to commodity exchange play the same role as the

[38] Ibid., p. 94.

state's billion-ruble expenditures on the implementation of technical progress in agriculture in the post-war period. The billion-ruble expenditures associated with the necessity of putting out of commission hundreds of thousands of wheeled tractors and replacing them with tracked ones, replacing tens of thousands of obsolete combines with new ones, creating new machines, say, for industrial crops,—these state expenditures served as the basis for the colossal growth of agricultural produce of the USSR in the post-war period. Likewise, the state's additional expenditures in connection with the creation of favorable conditions for collective farms entering into product exchange relations with the state contribute to the growth of agricultural production.

The gradual but steady expansion of the product exchange system at the present time, as shown in Comrade Stalin's genial work, is a necessity, because collective farm property and commodity circulation are already beginning to hinder the powerful development of productive forces. These economic phenomena of our national economy are beginning to hinder the development of our productive forces because they "create obstacles to the full coverage of the entire national economy, especially agriculture, by state planning"[39].

The state determines in a planned manner sown areas, yield, volume of tractor work, livestock numbers of social livestock, its productivity, gross agricultural output, volume of obligatory deliveries and payment in kind for MTS work. But the state does not plan the use of surplus marketable produce of

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[39] J. Stalin, *Economic Problems of Socialism in the USSR*, p. 68

collective farms and the use of labor power by separate periods on separate jobs.

Why do these obstacles precisely now begin to hinder the powerful development of our productive forces and why in the future will they hinder it to an even greater degree?

The answer to this question can be given only on the basis of investigating those changes that occurred in collective farm production in the post-war period, first of all on the basis of investigating the results of the amalgamation of collective farms.

The amalgamation of collective farms contributed and will contribute to the powerful development of productive forces of socialist agriculture. The growth of productive forces of socialist agriculture causes, in turn, the necessity of expanding the coverage of all agriculture by state planning. But the existence of the collective farm form of property and commodity circulation creates obstacles to such expansion.

The positive results of the amalgamation of collective farms can be seen from the example of Krasnodar Territory, where sown areas in collective farms in 1952 exceeded sown areas of 1949 by 9.9%; areas occupied by orchards and vineyards increased by 21%, under tea—by two and a half times, under cotton—almost four times. The yield of winter wheat in 1951 was 4.5 centners higher than in 1949. The grain yield in Krasnodar Territory in 1952 was even higher. Collective farms of the territory delivered produce to the state in 1951 through obligatory deliveries, contracting, and payment in kind for

MTS work, and also sold at maximum purchase prices much more than in 1949. At the same time, produce intended for sale on the market also increased significantly.

The amalgamation of collective farms contributed to the rapid increase in gross and marketable output of collective farms. Collective farms in 1949, after fulfilling obligatory deliveries and payment in kind, sold 82.4 thousand centners of grain on the collective farm market and, besides, allocated for sale but did not sell 74.8 thousand centners. In total, thus, 157.2 thousand centners of grain were allocated for the collective farm market in 1949. And in 1951, 328.4 thousand centners of grain were sold on the collective farm market and 595.2 thousand centners of grain were allocated for sale but not sold. In total, thus, in 1951, 923.6 thousand centners of grain were allocated for sale on the collective farm market.

Consequently, the amount of grain allocated by collective farms of Krasnodar Territory for sale on the collective farm market increased sixfold over two years. The fact deserves attention that in 1951 the amount of grain allocated by collective farms for sale but not sold exceeds by 81% the amount of grain sold by collective farms in the same year on the collective farm market. This testifies to the fact that collective farms, in connection with the growth of gross and marketable output, could not sell all grain allocated for sale on the local market. For example, in the Ilyich Collective Farm, Temryuk District, in September 1952 there were about 150 tons of grain of the 1951 harvest intended for sale, but not sold.

In many collective farms, such prolonged storage of grain is associated with its spoilage and heavy expenses. The Ilyich

Collective Farm was forced to occupy up to 150 private premises in the houses of collective farmers for grain. For the use of private premises, the collective farm accrued workdays as for guarding this grain. In 1951, the collective farm expended 27 thousand workdays on guarding grain, and the total expenditure of workdays on grain production in the Ilyich Collective Farm in 1951 amounted to 162 thousand workdays. Consequently, the expenditure of workdays on guarding grain amounted to 16% of the total number of workdays expended on grain production.

The situation was different with the sale of milk, since milk was "provided with commodities (*otovarivalos*)". In 1951, collective farms increased the sale of milk to cooperation by more than 27 times compared to 1949, and increased sales on the market during this time very insignificantly. In absolute terms, the sale of milk to cooperation in 1949 was twelve times less than sales on the market, and in 1951 it exceeded sales of milk on the market by more than one and a half times. This fact testifies to the great power of product exchange. The cited example shows that the expansion of the product exchange system contributes to the elimination of obstacles to the full coverage of agriculture by state planning.

Let us cite yet another example: in the Ilyich Collective Farm in 1949, after fulfilling the contracting plan for grapes, 1,168 centners of grapes were delivered for processing at the collective farm winery, and in 1951—2,083 centners, i.e., almost twice as much. At the same time, the capacity of the state wine point located in the same stanitsa was not fully utilized—it could have processed all grapes, including those

that went to the collective farm wine plant. The same situation exists in many other collective farms of Krasnodar Territory. Meanwhile, the processing of grapes at collective farm wine plants yields a lower output of produce and of worse quality than processing at state wine plants. At state wine plants, the output of produce from delivered grapes is 72%, while at collective farm wine plants only 60%. Besides, at state wine plants, grape spirit, tartar, and bone oil possessing very high technical qualities are produced from production waste, whereas at collective farm wine points production waste is used at best for feeding pigs. The expansion of the product exchange system and its extension to grapes will lead to a direct increase in output and expand the coverage of this branch of agriculture by state planning.

The collective farm, group form of property hinders the coverage of capital construction in collective farms by state planning. In *Pravda* (June 14, 1952), facts of incorrect expenditure of collective farm funds in some regions of the Georgian SSR were noted. In Makharadze District, for example, a number of collective farms undertook the construction of clubs and collective farm offices, the estimated cost of which is expressed in the sum of 2 to 3 million rubles. On June 15, 1952, *Pravda* reported that in the Uzbek SSR in many collective farms a significant part of funds from indivisible funds was expended not on the construction of production buildings, power plants, irrigation systems, the purchase of livestock for collective farm farms, but on secondary needs. In connection with the further growth of gross and marketable output of collective farms and the

increase in indivisible funds, the question of the correct use of indivisible funds acquires ever greater significance.

The further increase in livestock production requires the all-out expansion of the mechanization of labor-intensive work. Meanwhile, the mechanization of labor-intensive work in animal husbandry, carried out so far mainly at the expense of means of production belonging to collective farms, lags behind the growth rates of social livestock numbers. This leads to the fact that the growth of social livestock numbers and the rise in its productivity occur with a simultaneous significant increase in the labor expenditures of collective farmers in animal husbandry. And in field management, and especially in grain farming, where mechanization is carried out at the expense of state means of production, gross output increases sharply with the simultaneous reduction and easing of collective farmers' labor.

Let us cite, for example, data for the "Pobeda" Collective Farm, Krasnodar Territory. Labor expenditures on the production of grain crops from 1949 to 1951 in the collective farm decreased from 50,065 workdays to 46,207 workdays with a simultaneous increase in gross output of grain crops from 36,356 centners to 59,003 centners. For every expended workday in the "Pobeda" Collective Farm in 1949, 72 kg of grain were produced, in 1951—127 kg of grain. Consequently, labor productivity in grain production of the "Pobeda" Collective Farm increased by more than 76%. And the growth of collective farm animal husbandry required a sharp increase in labor expenditures over these years. The expenditure of workdays in animal husbandry of the collective farm from 1949 to 1951 increased by more

than 2 times—from 32,579 to 74,320 workdays; livestock production and social livestock numbers increased by approximately 2 times. Consequently, the increase in livestock production occurred at the expense of an increase in live labor expenditures.

It appears to us that the insufficient growth rates of mechanization of labor-intensive processes in animal husbandry are explained partly by the fact that, unlike field management mechanization, it is carried out not at the expense of state funds, but at the expense of collective farm funds. This limits state planning of intra-farm work mechanization.

The strengthening of MTS responsibility for intra-farm work mechanization, for the development of animal husbandry, will apparently require the introduction of zootechnicians and veterinarians into MTS staffs at the expense of reducing the staffs of district agricultural departments. Changes should also be introduced into the remuneration of labor of MTS workers and mechanizers on intra-farm work. At present, MTS workers receive bonuses only for yield, while for an increase in social livestock numbers and a rise in its productivity bonuses are not issued. Mechanizers on intra-farm work are likewise not encouraged for increasing livestock productivity. This procedure needs revision.

In connection with the amalgamation of small collective farms, the obstacles that collective farm property places in the way of state planning of the use of labor power in collective farms have become perceptible. The amalgamation of collective farms created the material basis for strengthening cooperation in the work of tractor and field management brigades. Now

many tractor brigades are attached to field management brigades or to individual collective farms. There are even MTS that serve only one collective farm, for example, Old Titarovka MTS, Krasnodar Territory, and others. The amalgamation of collective farms therefore makes it possible to have a single work plan and a single decimal work order (*naryad*) for tractor and field management brigades. Formerly, when one tractor brigade served several field management brigades or several collective farms, there was no such possibility. The most effective use of MTS machines and labor power requires such single work orders.

The organization of work according to an hourly schedule is impossible without a single work order for tractor and field management brigades. But the presence of the collective farm form of property creates obstacles to single work orders. In the existing model contract of the MTS with the collective farm, it is stated that the MTS is obliged to compile decimal work orders only for tractor brigades. Field management brigades, however, receive work orders from the collective farm agronomist or the collective farm chairman. The contradictory nature of such a situation is already felt by MTS and collective farm workers. Comrade S. Bondarenko, brigade leader of the field management brigade of the "Path to Communism" Collective Farm, deputy of the Odessa Regional Council of Workers' Deputies, wrote about this in *Izvestia Sovetov Deputatov Trudyashchikhsya SSSR* on November 25, 1952. "Such a practice (i.e., daily giving of work orders to field management brigades from the collective farm chairman.—N. S.) complicates the relations of field management brigades

with tractor brigades of the MTS... Daily work orders, although not contradicting the plan, nevertheless generate uncertainty in the collective farm brigade leader and the tractor brigade leader". Emphasizing the necessity of single work orders for tractor and field management brigades, Comrade Bondarenko notes that before the amalgamation of collective farms there was no such possibility, but at present it exists; now the operational plan for fifty days is compiled by the tractor brigade leader himself together with the field management brigade leaders. "We manage to better foresee all upcoming work, to prepare well for it". In Medvedovskaya MTS, Krasnodar Territory, the precinct agronomist together with the collective farm agronomist compile single work orders for tractor and field management brigades in the presence of brigade leaders of both the field management and tractor brigades. These work orders are signed by the MTS precinct agronomist and the collective farm agronomist.

In Protochnaya MTS, Slavyansk District, Krasnodar Territory, on the initiative of tractor brigade leader Communist Comrade P. A. Vashchenko, during the spring sowing of 1952, an experiment was carried out in combining in one person the brigade leader of the tractor brigade and the third field management brigade of the "Path to Communism" Collective Farm. Comrade Vashchenko in 1952 directed the tractor and field management brigades for about three months and ensured the exemplary conduct of spring sowing. The certificate of Protochnaya MTS on yield by brigades of the "Path to Communism" Collective Farm shows that the yield of spring crops in the third brigade was much higher than in the

remaining brigades of this collective farm. At the same time, the yield of winter crops, the sowing of which was carried out before the unification of brigade leadership, differs little from the yield in the remaining brigades. Here are data on yield for 1952 by brigades of the "Path to Communism" Collective Farm (see table on p. 43).

This new experiment, reflecting the striving to ensure under conditions of a high level of production mechanization the unity of action of MTS and collective farms, deserves serious attention and study. It is interesting because the amalgamation of collective farms creates an objective basis for strengthening the unity of work of MTS and collective farms, for expanding the activity of MTS and increasing their responsibility for the development of collective farms.

Brigade Nos.	Winter Wheat	Winter Barley	Spring Barley	Oats
1	16.2	19.9	23	17
2	22.7	24.2	25.4	24.5
3	25	18.3	...	...
GSV[40]	12.5	26.9	25	18.9

[40] GSV — State Variety Testing Plot

Brigade Nos.	Winter Wheat	Winter Barley	Spring Barley	Oats
Average for collective farm	10.1	22.0	18.6	14.3

With the amalgamation of collective farms and the increase in the number of agronomists in the social economy of collective farms, views have begun to spread here and there that such collective farms do not need agronomical guidance from the MTS, that they need only MTS technology. This means that the role of MTS is reduced to a rental station, and the significance of state means of production in agriculture is belittled. Thus, at a meeting of the party active of Temryuk District, one of the speakers compared a collective farm to a rifle formation, and an MTS to a tank unit attached to a rifle formation. Views of this kind are clearly incorrect and harmful. They contradict Stalin's propositions on the role of MTS in collective farm production.

The mutual relations of MTS with collective farms as a socialist form of economic tie between state industry and collective farms have a common basis with product exchange relations. This is expressed in the fact that, firstly, their basis is the development of all-people property; secondly, these relations limit commodity circulation and therefore eliminate

obstacles to the expansion of state planning coverage of agriculture; thirdly, they are beneficial to collective farms and the entire people, since, eliminating obstacles to the expansion of state planning coverage of agriculture, they contribute to the rapid growth of productive forces of socialist agriculture.

The principled difference between product exchange and commodity exchange consists in the fact that commodity exchange expresses not only the social ties of producers, but also their isolation. Product exchange, like the mutual relations between MTS and collective farms, in contrast to commodity exchange, expresses the social ties of producers and their mutual assistance and cooperation, their unification on the basis of the development of all-people property.

Therefore, the expansion of the product exchange system leads to raising collective farm property to the level of all-people property, while the expansion of the sphere of operation of commodity circulation by way of, for example, selling MTS into ownership to collective farms could lead only to the distancing of collective farm property from all-people property, could lead not to approaching communism, but, on the contrary, to moving away from it.

The expansion of the sphere of operation of commodity circulation by way of turning means of production into commodities would exclude for collective farms the possibility of that technical progress which is taking place at mounting rates in the post-war period. Comrade Stalin showed that even for millionaire collective farms those billion-ruble expenditures

on the implementation of technical progress in agriculture which are produced by the Soviet state would be unaffordable.

Comrade G. M. Malenkov in his report at the 19th Congress of the Party indicated that in many collective farms and state farms the practice of creating subsidiary enterprises for the production of building materials and other industrial products has become widespread. Experience has shown that this is a brake on the development of agriculture. "It is necessary to correct this situation," Comrade Malenkov says, "and focus all efforts of collective farms and state farms entirely on the further development of diversified agricultural production in order to most fully utilize their economic capabilities and natural conditions for the all-out increase in the production of grain, cotton, sugar beets, flax, potatoes, meat, milk, eggs, wool, vegetables, fruit, tea, and other agricultural produce. As for building materials and other industrial products, our state industry and producers' cooperation have the opportunity and are obliged to fully provide all this to collective farms and state farms at cheaper prices"[41].

The creation of subsidiary enterprises in collective farms and state farms, which was quite widely propagated in our press, means not the strengthening of collective farms' ties with state industry, but the isolation of collective farms from state industry. This narrows the base for the development of collective farms' productive forces, since the social economy of collective farms would develop in this case not on the basis of mutual assistance and cooperation with the leading force of the

[41] G. Malenkov, *Report to the 19th Congress of the Party on the Work of the Central Committee of the CPSU(b)*, p. 56

national economy—socialist industry, but on the basis of their isolation, which inevitably leads to handicraft production (*kustarnichestvo*) and a decline in labor productivity.

The development of the social economy of collective farms must be carried out not on the basis of isolated development of collective farms, but on the basis of strengthening and expanding their ties with all-people property through the development of the rudiments of product exchange. The expansion of the product exchange system and the reduction of the sphere of operation of commodity exchange constitute the process of development of socialist production relations, preparing the transition to the higher phase of communism.

Comrade Stalin points out that under socialism commodity production and commodity circulation, and consequently the sphere of operation of the law of value, are limited by the existence of public property in the means of production, by the operation of the law of planned development of the national economy,—consequently, they are also limited by our annual and five-year plans, which are an approximate reflection of the requirements of this law. Therefore, the law of value cannot have a regulating significance in our socialist production. It has regulating significance within known limits only in the sphere of circulation, mainly goods of personal consumption. Means of consumption as a result of the existence of collective farm property are produced by us and realized as commodities subject to the operation of the law of value.

The peculiarity of the development of socialist production relations consists, among other things, in the fact that the use of old forms of commodity exchange relations is a necessary

means for the development of fundamentally new product exchange relations. This finds its expression also in the fact that in product exchange relations such a category as price is preserved. Collective farms on the basis of product exchange relations receive products of urban industry at cheaper prices, but still for money; the apparatus of commodity circulation serves also as an apparatus of product exchange, inasmuch as collective farmers buy products allocated by the state into the product exchange fund for cash in the stores of consumer cooperation.

However, if part of the means of consumption drawn into the sphere of operation of product exchange is commodities only in form, then the other part of means of consumption constitutes commodities subject to the operation of the law of value, which preserves within known limits the significance of a regulator in the sphere of circulation of these goods. Consequently, product exchange relations at the present time, on the one hand, exist alongside commodity exchange relations, and on the other hand, use the commodity form to develop new content.

Therefore, product exchange relations inevitably must pass through a number of stages of development from those rudiments of product exchange that exist at present to the transition to the communist principle of distribution, which will be implemented in the form of direct accounting of labor expenditures in working time, when there will no longer be a place for commodity circulation. The communist principle of distribution of products according to needs, Comrade Stalin points out, excludes "every commodity exchange, consequently

also the conversion of products into commodities, and at the same time also their conversion into value"[42].

The development of product exchange relations will require a closer tie between state industry and collective farms, a more concrete organization of product exchange. Thus, if for Central Asia the counter-sale of grain to cotton-growing collective farms stimulates the development of cotton growing, for Krasnodar Territory and other new cotton-growing regions such a sale of grain does not make sense at the present time, since the collective farms of these regions produce a lot of grain besides cotton.

Insufficient accounting of collective farms' needs for a definite assortment and quantity of produce coming in the order of product exchange leads to the formation of surplus funds in some regions. Thus, for example, in Volokolamsk District, Moscow Region, in 1952 a surplus fund of sugar intended for flax-growing collective farms was formed.

All this indicates that the expansion of the product exchange system creates the necessity of restructuring both the organizational forms of ties between state industry and collective farms. Comrade Stalin's indication on the creation of "a single all-people economic organ (with representation from state industry and collective farms) with the right first of accounting all consumer produce of the country, and in the course of time also of distribution of produce in the order of, say, product exchange..."[43], represents a genial theoretical

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42 J. Stalin, *Economic Problems of Socialism in the USSR*, p. 92.

43 Ibid., p. 17.

discovery and has paramount practical significance for the further expansion of the sphere of operation of product exchange, for the victorious construction of communism.

Questions of Economics, No.1, 1953.

G. Gak

THE LAW OF MANDATORY CONFORMITY OF PRODUCTION RELATIONS TO THE CHARACTER OF PRODUCTIVE FORCES

I. V. Stalin's brilliant work "Economic Problems of Socialism in the USSR" is a great contribution to Marxist-Leninist theory: to political economy, philosophy, and the theory of scientific communism. In this classic work, Comrade Stalin comprehensively investigated the economic laws of socialism, brilliantly illuminated with the light of science the objective foundations of the transition to communism, and provided a detailed program of action for preparing the conditions for this transition.

In "Economic Problems of Socialism in the USSR", Comrade Stalin showed that one of the laws upon which the creation of socialist forms of economy relied and upon which the solution of the tasks of transition to communism relies is the law of mandatory conformity of production relations to the character of productive forces.

Marx, who discovered this law, expressed its essence in the preface to "A Contribution to the Critique of Political Economy" in the following words: "In the social production of their life, men enter into definite, necessary relations that are independent of their will—production relations, which

correspond to a definite stage of development of their material productive forces"[44].

Developing this proposition of Marx further, Comrade Stalin deeply uncovered its essence and significance, characterizing it as the proposition on the law of mandatory conformity of production relations to the character of productive forces. Comrade Stalin showed the universality of the law of mandatory conformity, its operation in all phases of social development, in all socio-economic formations, including socialism. Comrade Stalin comprehensively showed the mechanism of interrelation and interaction of productive forces and production relations, the place and significance of the law of mandatory conformity of production relations to the character of productive forces in the progressive development of human society. Comrade Stalin gave a deep analysis of the features and concrete forms of operation of the law of mandatory conformity in socialist society.

Marxism-Leninism teaches that the process of production has two sides, inseparably connected with each other. One side is constituted by the productive forces of society, the other side by the production relations of people. "In production," Marx wrote, "men act not only on nature, but also on one another. They produce only by co-operating in a certain way and mutually exchanging their activity. In order to produce, they enter into definite connections and relations and only within

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[44] K. Marx, *A Contribution to the Critique of Political Economy*. Gospolitizdat, 1952, p. 7.

these social connections and relations does their action on nature take place, does production take place"[45].

Developing this proposition of Marx further, Comrade Stalin in his work "On Dialectical and Historical Materialism" points out that production is unthinkable without production relations, that production relations, whatever their character may be, constitute under all conditions just as necessary an element of production as the productive forces of society. Accordingly, Comrade Stalin defined the concept of the mode of production, indicating that "the mode of production embraces both the productive forces of society and the production relations of men, and thus embodies their unity in the process of material wealth production"[46]. This definition of the mode of production reflects the fact that "only the presence of both sides of production gives us social production, regardless of whether we are speaking of the socialist system or of other social formations"[47].

Both sides of production, reflecting two rows of different relations—the relations of men to nature (productive forces) and the relations of men to each other in the process of production (production relations)—inseparably connected with each other, stand in definite relations to each other. In his works "On Dialectical and Historical Materialism" and "Economic Problems of Socialism in the USSR", Comrade

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45 K. Marx and F. Engels, *Works*, v. V, p. 429.

46 I. Stalin, *Problems of Leninism*, 1952, p. 590 (and p. 593 further down).

47 I. Stalin, *Economic Problems of Socialism in the USSR*. Gospolitizdat, 1952, p. 63.

Stalin brilliantly uncovered the interrelation and interaction of both sides of the mode of production. Comrade Stalin teaches that productive forces are the most mobile and revolutionary element of production, that changes in the mode of production always begin with changes and development of productive forces, first of all of the instruments of production. "First," Comrade Stalin points out, "the productive forces of society change and develop, and then, depending on these changes and in conformity with them, men's production relations, their economic relations change"[48]. But this does not mean, Comrade Stalin further points out, that productive forces do not depend in their development on production relations. The latter, for their part, exert an influence on the development of productive forces.

The classics of Marxism-Leninism have always pointed out the active role played by production relations in social production, always emphasized that production relations can either promote the development of productive forces or hinder it, depending on whether they correspond to the growth of productive forces or contradict them. Already in the letter to Annenkov of December 28, 1846, Marx developed the following propositions: "...People," Marx wrote, "are not free to choose their productive forces—which are the basis of all their history—for every productive force is an acquired force, the product of former activity. Thus productive forces are the result of practical human energy, but this energy itself is conditioned by the circumstances in which people find

[48] I. Stalin, *Problems of Leninism*, 1952, pp. 591–592.

themselves, by the productive forces already acquired, by the social form which exists before them, which is not created by these people, which is the creation of previous generations"[49]. But in order that productive forces may develop further, it is necessary that obsolete production relations should give way to new production relations capable of promoting the further growth of productive forces, of pushing forward their development. "People never renounce what they have acquired, but this does not mean that they will not renounce the social form in which they acquired certain productive forces. On the contrary. In order not to be deprived of the achieved result, in order not to lose the fruits of civilization, people are forced to change all their inherited social forms the moment their mode of commerce no longer corresponds to the productive forces they have acquired"[50].

The relation between productive forces and production relations is, therefore, a relation of mutual dependence. Comrade Stalin emphasizes that productive forces are the determining element in the development of production: "What the productive forces are, such must be the production relations"[3]. On the other hand, the further development of productive forces is determined by production relations. "...New production relations," Comrade Stalin points out, "are that main and decisive force which actually determines the further, and at that powerful development of productive forces

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49 K. Marx, F. Engels, *Selected Letters*. Gospolitizdat, 1947, p. 23.

50 K. Marx, F. Engels, *Selected Letters*, p. 24.

and without which productive forces are doomed to stagnation..."[51].

Productive forces and production relations, therefore, interact. But the starting point in this interaction is changes in productive forces. This means that productive forces do not come into conformity with production relations, but, on the contrary, production relations come into conformity with the character of productive forces. And this is entirely understandable. One cannot change productive forces in accordance with production relations. If a certain system of production relations is given within which the further movement of productive forces can no longer fit, then bringing the latter "into conformity" with production relations means destroying productive forces.

When production relations come into conformity with the character of productive forces, in this case old production relations are destroyed, overthrown. In the course of destroying obsolete production relations, new production relations are affirmed, giving scope to the development of productive forces. Only under the condition when production relations come into conformity with the requirements of the development of productive forces does the forward movement of production become possible, and the entire process can begin anew and be reproduced on a new basis. Therefore, although productive forces and production relations mutually exert an influence on each other, the basis of this interaction, revolutionizing the entire process, is the growth of productive forces.

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[51] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 61.

Productive forces, being the most mobile and revolutionary element of production, reaching a certain level, outgrow the framework of existing production relations, which begin to cramp their development, and productive forces enter into a conflict with them. In the preface to "A Contribution to the Critique of Political Economy", Marx wrote: "At a certain stage of their development, the material productive forces of society come in conflict with the existing relations of production, or—what is but a legal expression for the same thing—with the property relations within which they have been at work hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins an epoch of social revolution"[52]. The historical purpose of social revolutions is to eliminate the conflict between new productive forces and obsolete production relations, to affirm new production relations and bring them into conformity with the development of productive forces.

As history shows, social revolutions in the end always ended in the victory of the advanced classes of society. This is precisely where the operation of the law manifests itself, by virtue of which production relations must inevitably be brought into conformity with the character of productive forces. Comrade Stalin in his work "On Dialectical and Historical Materialism" characterized the essence of this law with classical clarity. "Developing depending on the development of productive forces," writes Comrade Stalin, "production relations in their turn exert an influence on the development of productive forces, accelerating or retarding it. In this connection, it must

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[52] K. Marx, *A Contribution to the Critique of Political Economy*, p. 7.

be noted that production relations cannot lag too long behind the growth of productive forces and be in contradiction with them, since productive forces can develop to the full extent only if production relations correspond to the character, state of productive forces and give scope to the development of productive forces. Therefore, no matter how much production relations lag behind the development of productive forces, they must sooner or later come into—and indeed do come into—conformity with the level of development of productive forces, with the character of productive forces. Otherwise we would have a radical disruption of the unity of productive forces and production relations in the system of production, a disruption of production as a whole, a crisis of production, the destruction of productive forces"[53].

The law of mandatory conformity clears its path through the overcoming of contradiction between new productive forces and outdated production relations, which lawfully arises as a result of productive forces outstripping production relations in their development. Thus, the dialectics of the development of production relations is characterized, as Comrade Stalin points out, by the development "from the role of a brake on productive forces to the role of their main engine forward and from the role of the main engine to the role of a brake on productive forces..."[54].

Accordingly, antagonistic socio-economic formations—slave-owning, feudal, capitalist—know two main, succeeding phases of development: the phase of ascending and the phase of

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53 I. Stalin, *Problems of Leninism*, 1952, p. 592.

54 I. Stalin, *Economic Problems of Socialism in the USSR*, 1952, p. 62.

descending development. The ascending line of development took place when production relations fully or mainly corresponded to the character of productive forces; the descending line of development is determined by the development of contradiction between productive forces and production relations, by its ripening into a conflict between them. This conflict became the source of social crises and the demise of the obsolete system; by the operation of the law of mandatory conformity, the victories of the new system are determined.

Advanced classes and advanced social forces relied on the law of mandatory conformity in all historical epochs. The standard-bearer of using economic laws in the interests of society is, as Comrade Stalin points out, under a class society always and everywhere the advanced class. In the era of the bourgeois revolution, for example, in France the bourgeoisie used against feudalism the law of mandatory conformity of production relations to the character of productive forces[9]. Of course, the bourgeoisie and its ideologists were not aware that by their revolutionary actions they were realizing the requirements of the law of mandatory conformity of production relations to the character of productive forces, but they quite consciously directed their efforts toward replacing feudal relations with bourgeois relations. New production relations, spontaneously arising in the womb of the old system, only up to a certain period have a spontaneous character of development. A stage of maturity of new productive forces arrives when the conscious activity of new classes, their violent revolutionary actions become necessary for their further movement, when the

spontaneous process of development yields place to this conscious activity directed toward the revolutionary overthrow of old production relations and the affirmation of new ones. Prompted by their vital class interests, the bourgeoisie, overthrowing feudal production relations and creating bourgeois ones, relied on the requirements of the law of mandatory conformity of production relations to the character of productive forces, with which its interests coincided, and used this law.

Thus, the law of mandatory conformity of production relations to the character of productive forces is the leading law of historical progress.

On the law of mandatory conformity of production relations to the character of productive forces the Soviet power relied when creating socialist forms of economy. Were it not for this law, Comrade Stalin points out, and without relying on it, the Soviet power would not have been able to fulfill its task. The creation of socialist forms of economy in industry became possible and necessary because the productive forces of our country, especially in industry, had a social character, whereas the form of property was private, capitalist. This means that there was a contradiction between the character of productive forces and production relations, which it was necessary to eliminate in order to open the way for the law of mandatory conformity of production relations to the character of productive forces.

In 1917, in his famous article "The Impending Catastrophe and How to Combat It", Lenin wrote: "The imperialist war is the eve of the socialist revolution. And this is not only because the war with its horrors gives rise to the proletarian uprising—no

uprising will create socialism if it has not matured economically—but because state-monopoly capitalism is the fullest material preparation for socialism, is the threshold of it, is that rung on the historical ladder between which (rung) and the rung called socialism there are no intermediate rungs"[55].

The Menshevik-SR defenders of capitalism, trying to disarm the proletariat in its struggle for the socialist revolution, screamed that the Bolsheviks wanted to "introduce" socialism. Unmasking the enemies of the people and the revolution, V. I. Lenin pointed out that the Bolsheviks by no means intended to "introduce" socialism, that about the "introduction" of socialism could be babbled by people incapable of understanding what imperialism is, what capitalist monopolies are, what the state is, what revolutionary democracy is. "To stand still," Lenin wrote, "is impossible in history in general, during war in particular. One must go either forward or backward. To go forward in 20th-century Russia, which has conquered a republic and republican democracy by revolutionary means, is impossible without going to socialism, without taking steps toward it (steps conditioned and determined by the level of technique and culture: large-scale machine economy cannot be 'introduced' into peasant agriculture, it cannot be abolished in sugar production)"[56].

This is how Lenin substantiated the material necessity of socialism, the necessity of such "steps", of such activities that are directed toward the socialist revolution and conditioned by

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55 V. I. Lenin, *Works*, v. 25, p. 333.

56 V. I. Lenin, *Works*, v. 25, p. 333.

the incompatibility of the social character of production with private-capitalist appropriation.

This meant that the law of mandatory conformity of production relations to the character of productive forces was carving out its path. In Russia, as Comrade Stalin points out, there was found a social force in the form of the alliance of the working class and peasantry, which managed to overcome the resistance on the part of the old forces of society, and the economic law of mandatory conformity of production relations to the character of productive forces received full scope with us.

On this law the policy of the Communist Party also relied when creating socialist forms of economy in the countryside. Comrade Stalin points out: "No one can deny the colossal development of the productive forces of our agriculture over the past 20–25 years. But this development would not have taken place if we had not replaced the old capitalist production relations in the countryside in the thirties with new, collectivistic production relations. Without this production revolution, the productive forces of our agriculture would languish just as they languish now in capitalist countries"[57].

When after the victory of the Great October Socialist Revolution socialist production relations were established in industry, a broad scope was opened for the growth of productive forces. In an incredibly short period, our Motherland turned into a country of powerful industry, into a metal country. The growth of socialist industry, the successes of the socialist industrialization of the country created the

[57] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 62.

possibility and necessity of collective agriculture. The socialist industrialization of the country served as the key to the collectivization of agriculture. Taking into account the growing need of the peasantry for new equipment, for new technology, taking into account the hopeless position of the peasantry under the old forms of land cultivation, the Soviet power organized assistance to the peasantry in the form of rental stations, tractor columns, machine-tractor stations. This growth of production capabilities in agriculture encountered an obstacle in the person of individual small-commodity farming. And on the development of agriculture depended also the development of industry. All this meant that the productive forces of the country had come into contradiction with the bourgeois-individualistic system in the countryside. While large-scale, centralized, socialist industry developed on the principle of expanded reproduction, annually grew in its volume, had its accumulations and moved forward at accelerated paces, small-peasant farming not only did not carry out expanded reproduction in its mass annually, but even very rarely had the opportunity to carry out simple reproduction.

Uncovering this contradiction, Comrade Stalin pointed out that it is impossible for a more or less long period of time to base the Soviet power and socialist construction on two different bases—on the basis of the largest and consolidated socialist industry and on the basis of the most fragmented and backward small-commodity peasant economy. The existence of the individual-peasant system in the countryside became a brake on the further development of productive forces and threatened to wreck the entire national economy. Production relations had

to be brought into conformity with the growth of productive forces.

Thus, the brilliant Leninist-Stalinist plan for the collectivization of agriculture was the scientific expression of objectively given economic processes and regularities. The great creative force of this plan consisted in discovering the only correct path along which the policy of the Communist Party and the Soviet state had to go in order that the law of mandatory conformity of production relations to the character of productive forces could receive full scope. The victory of socialist production relations, of the collective farm system in the countryside indeed led to a huge upsurge of the productive forces of agriculture, opened scope for the further growth of productive forces in the entire national economy. The victory of socialism in the countryside meant the establishment of socialist production relations in the entire national economy of the country, bringing them into conformity with the character of productive forces.

Over thirty-five years of Soviet power, the national economy of our country achieved such progress for which capitalist countries required centuries. If the USSR over the years of Soviet power increased its industrial production 39 times, then, for example, England needed 162 years (from 1790 to 1951) to increase industrial production by the same amount.

The productive forces of our country are developing by "giant strides" because our production relations fully correspond to the state of productive forces. But one cannot, Comrade Stalin points out, understand the words "full conformity" in an absolute sense—in the sense as if under socialism there exists

no lagging whatsoever of production relations behind the growth of productive forces, no contradiction whatsoever exists between production relations and productive forces: "Of course, our present production relations are experiencing that period when, fully corresponding to the growth of productive forces, they move them forward by giant strides. But it would be wrong to become complacent about this and think that there are no contradictions whatsoever between our productive forces and production relations. Contradictions certainly exist and will exist, insofar as the development of production relations lags and will lag behind the development of productive forces"[58].

A significant part of economists and philosophers mistakenly interpreted the well-known thesis on the full conformity in our country of production relations to the character of productive forces in the sense of the allegedly impossibility of any contradiction between them. This incorrect view was also held by the author of this article, who asserted that in a socialist society there is no place for any contradictions whatsoever between productive forces and production relations. In such an incorrect explanation of the proposition on the full conformity in our country of production relations to the character of productive forces, the metaphysical understanding of the full conformity of production relations to the character of productive forces manifested itself; Comrade Stalin's indications that productive forces are always the most mobile and revolutionary element of production and outstrip production relations in their development were lost sight of.

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[58] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 67.

The denial of any contradictions between productive forces and production relations in practice led to the elimination of the whole question of the development of production relations under socialism, of the tasks of their adaptation to the growth of productive forces.

The economic basis of our system is constituted by the socialist system of economy and socialist property in the means of production, which were established as a result of the liquidation of the capitalist system of economy, the abolition of private property in the means of production, and the destruction of the exploitation of man by man. Socialist property in the USSR exists in two forms: in the form of state property and in the form of collective farm-cooperative property. As stated in the Constitution of the USSR, "land, its mineral wealth, waters, forests, plants, factories, mines, rail, water and air transport, banks, means of communication, large agricultural enterprises organized by the state (state farms, machine-tractor stations, etc.), as well as municipal enterprises and the basic housing stock in cities and industrial localities, are state property, that is, public property... Public enterprises in collective farms and cooperative organizations with their livestock and dead inventory, products produced by collective farms and cooperative organizations, as well as their public buildings, constitute the public, socialist property of collective farms and cooperative organizations."

Comrade Stalin, speaking of the full conformity in the socialist national economy of the USSR of production relations to the character of productive forces, points out that this full conformity consists in the fact that the social character of

production is underpinned by public property in the means of production. Our present production relations, fully corresponding to the growth of productive forces, give scope to their rapid development. But productive forces, powerfully developing under the influence of socialist production relations, require the further improvement of the system of production relations.

Comrade Stalin in his work "Economic Problems of Socialism in the USSR" brilliantly charted the paths for the further adaptation of production relations to the growth of productive forces.

Comrade Stalin deeply uncovered the essence of the lagging of production relations behind the growth of productive forces in our conditions, pointing to those phenomena that are already now beginning to hinder the powerful development of our productive forces. These primarily include such economic phenomena as group, collective farm property, commodity circulation. The difference between the two forms of property —state and collective farm-cooperative—consists, as Comrade Stalin showed, not in the ownership of basic means of production. The land on which the collective farm works, the basic instruments of production used in agriculture, constitute property not of the collective farm, but of the entire people. The property possessed by the collective farm and which it can dispose of at its discretion is the product of collective farm production. A significant part of this collective farm production products is alienated to the market, being included in the system of commodity circulation.

These phenomena belong to production relations, constitute an integral part of them, as definite forms of exchange of social activity. These phenomena in the sphere of production relations create obstacles for the comprehensive coverage of the entire national economy by state planning, especially agriculture, and are already now beginning to hinder the further growth of the productive forces of our country. "There can be no doubt," Comrade Stalin points out, "that the further things go, the more these phenomena will hinder the further growth of the productive forces of our country"[59].

As Comrade Stalin points out, the task consists in eliminating the contradictions between production relations and the growth of productive forces "by the gradual conversion of collective farm property into public property and the introduction of product-exchange also in an order of gradualness instead of commodity circulation"[60].

The solution of this task is entirely feasible, since it meets the requirement of the law of mandatory conformity of production relations to the character of productive forces. And this indicates that just as when creating socialist forms of economy the Soviet power relied on the law of mandatory conformity of production relations to the character of productive forces, so now it relies on this same law when preparing the conditions for the transition to communism.

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59 I. Stalin, *Economic Problems of Socialism in the USSR*, p. 68.

60 *Ibid.*, p. 68.

Bringing production relations into conformity with the growth of productive forces takes place under socialism in a form fundamentally different from those forms in which it proceeded throughout all previous history.

It was already noted above that in antagonistic societies contradictions between productive forces and production relations developed into a conflict and became the basis for descending movement and the cause of social revolutions. In a socialist society, economic development, despite the contradictions arising in the course of the development of productive forces between them and production relations, is not characterized by the replacement of the ascending line of development by a descending line. This is because there takes place here the timely liquidation of arising contradictions, the timely bringing of production relations into conformity with the character of productive forces, which ensures an uninterrupted line of upswing in the development of the national economy. Such a possibility of the timely adaptation of lagging production relations to the growth of productive forces exists because in a socialist society, consisting of friendly classes and social groups, there are no such social forces that would be interested in conserving lagging production relations. For this same reason, the arising contradiction between the growth of productive forces and production relations lagging behind it does not turn into an opposite, does not pass into a conflict between them.

Comrade Stalin points out that the use of the law of mandatory conformity of production relations to the character of productive forces, like other economic laws, always and

everywhere under a class society has a class background. It affects the class interests of the obsolete forces of society, in view of which it encounters the strongest resistance on the part of these forces. In all antagonistic societies, the economic law of mandatory conformity of production relations to the character of productive forces always cleared its path through conflicts, through violent upheavals, by means of the revolutionary actions of advanced classes that overthrew old production relations and their representatives.

Under socialism there are no obsolete classes that could organize resistance to the cause of overcoming the contradiction between production relations and productive forces. Of course, this does not mean that no struggle between the new and the old lies ahead here, that everyone will unanimously understand the necessity of those measures that are designed to give scope to the further growth of productive forces. "Of course," Comrade Stalin points out, "even under socialism there will be lagging and inert forces that do not understand the necessity of changes in production relations, but they, of course, will not be difficult to overcome without bringing the matter to a conflict"[61].

It is precisely in this sense that one should understand the words about the "full conformity" of production relations to the character of productive forces under socialism. They should be understood so, Comrade Stalin teaches, that under socialism society has the opportunity to timely bring lagging production

[61] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 51.

relations into conformity with the character of productive forces, without bringing the matter to a conflict between them.

Marx wrote in "The Poverty of Philosophy" that under socialism "social evolutions will cease to be political revolutions"[62]. This means such a development of the socialist mode of production in which the adaptation of production relations to the growth of productive forces is accomplished without conflicts and without social upheavals. But this way of bringing production relations into conformity with the growth of productive forces, which is proper only to socialism, is not accomplished by itself. Its realization presupposes the skillful implementation of the party's policy. "With the correct policy of the guiding organs," Comrade Stalin points out, "these contradictions cannot turn into an opposite, and the matter cannot reach a conflict here between production relations and the productive forces of society"[63].

The absence within Soviet society of obsolete classes that could organize resistance gives only the possibility of the timely adaptation of lagging production relations to the growth of productive forces without the matter reaching a conflict. But possibility, Comrade Stalin teaches, is not yet reality. The point is also to be able to use and realize the existing possibility. Comrade Stalin teaches the party that "it is necessary to strictly distinguish between the possibilities existing in our system and the use of these possibilities, the conversion of these possibilities into reality"[64], that it is fully permissible for cases

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62 K. Marx and F. Engels, *Works*, v. V, p. 416.

63 I. Stalin, *Economic Problems of Socialism in the USSR*, p. 67.

64 I. V. Stalin, *Works*, v. 12, p. 341.

to exist when possibilities for victory exist and the party does not see them or does not know how to use them correctly, and then instead of victory defeat may result. And for the conversion of possibility into reality, a number of conditions are required, among which the party's line plays a great role, and the correct implementation of this line in life is of enormous significance.

When the party of Lenin and Stalin raised and organized the working people for the struggle to build socialism in our country, it relied on the objectively given possibility conditioned by economic laws. But over a definite period of time, alongside the possibility of building socialism in our country, there existed the danger of the restoration of capitalism by the internal forces of the country. In order to prevent this danger and turn the possibility of building socialism in our country into reality, it was precisely required first of all to bury the opportunistic theory of letting things drift and clear the way for the implementation of the party's general line.

The successes of our further movement forward will depend on the correct implementation of our party's policy, on the skillful translation into life of the program of action brilliantly charted by Comrade Stalin in his indications on the three main preliminary conditions for preparing the transition to communism.

Comrade Stalin, having substantiated the operation of the law of mandatory conformity of production relations to the character of productive forces under socialism, having discovered the specific economic laws underlying the

development of socialist society, gave the Soviet people, all peoples building socialism, a great spiritual weapon inspiring them with new strength for the struggle for the victory of communism.

With his work "Economic Problems of Socialism in the USSR", Comrade Stalin also armed the communist parties of capitalist countries fighting for the liberation of the working class and all working people from the yoke of capital. In "Economic Problems of Socialism in the USSR", Comrade Stalin formulated the basic economic law of modern capitalism discovered by him, the operations of which lead to the intensification and explosion of all contradictions of capitalist society, and substantiated the proposition that in capitalist countries the economic law of mandatory conformity of production relations to the character of productive forces has long been carving its way. Throughout the entire capitalist system, production relations have long since become fetters for the development of productive forces and have entered into a conflict with them. All contradictions and conflicts of modern capitalism are expressions of the fundamental contradiction to which they ultimately reduce—the contradiction between productive forces and production relations.

Already in 1921, Comrade Stalin pointed out: "From an economic point of view, the present conflicts and military clashes of capitalist groups among themselves, as well as the struggle of the proletariat against the capitalist class, have as their basis the conflict of present productive forces with the national-imperialist frameworks of their development and with capitalist forms of appropriation. Imperialist frameworks and

the capitalist form strangle, do not allow productive forces to develop"[65].

That capitalist production relations are a brake on the development of productive forces is clearly seen when comparing two lines of development characterizing the general picture of the world economic situation at present. Com. G. M. Malenkov in the report to the XIX Congress of the Party characterized these two lines of development in the following manner.

One line is the line of continuous upswing of the peaceful economy in the Soviet Union and in the countries of people's democracy, an economy that knows no crises and develops in the interests of ensuring the maximum satisfaction of the material and cultural needs of society.

Another line is the line of the economy of capitalism, struggling in the vise of the ever-deepening general crisis of capitalism and constantly recurring economic crises, the line of militarization of the economy and one-sided development of branches of production working for war, the line of competitive struggle between countries, of the enslavement of some countries by others.

In the countries of the democratic camp, productive forces are steadily growing at rapid paces. As for capitalist countries, over recent decades industrial production in them rose somewhat only in connection with the preparation and waging of wars. During the period of the First World War, especially

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65 I. V. Stalin, *Works*, v. 5, pp. 109–110.

as a result of the falling away of the Soviet Union from the capitalist system, the general crisis of the world capitalist system began; during the period of the Second World War, especially after the falling away of the people's democratic countries in Europe and Asia from the capitalist system, the second stage of the general crisis unfolded.

By virtue of the economic law of mandatory conformity of production relations to the character of productive forces, capitalist production relations, being a brake on the development of productive forces, are doomed to inevitable destruction.

Comrade Stalin's proposition that the economic law of mandatory conformity of production relations to the character of productive forces has long been cutting its way in capitalist countries and must of necessity come out into the open is a death sentence to the capitalist system. This proposition deals a crushing blow to the economic and sociological theories of ideologists and propagandists of the imperialist bourgeoisie who strive to represent the general crisis of the world capitalist system as a temporary phenomenon, and this system itself as "eternal" and "all-powerful", praising in particular North American capitalism and singing victory songs in honor of the dollar. Capitalist production relations will inevitably have to give way to socialist production relations. This unfailingly follows from the law of mandatory conformity of production relations to the character of productive forces.

The use of this law in the interests of society is hindered by the reactionary camp of imperialism. What is needed, Comrade Stalin points out, is a force, a social force capable of

overcoming the resistance of the obsolete forces of society. "Such a force was found in our country in the form of the alliance of the working class and peasantry, representing the overwhelming majority of society. Such a force has not yet been found in other, capitalist countries"[66].

In his historical speech at the XIX Congress of the Communist Party of the Soviet Union, Comrade Stalin charted the militant program of struggle of the communist and workers' parties that have not yet come to power for the triumph of democracy and socialism, and uncovered the prospects of the victory of fraternal parties in the countries of capital domination, the victory of the working class and all working people in these countries.

Relying on the richest historical experience of the Communist Party of the Soviet Union, guided by Comrade Stalin's brilliant work "Economic Problems of Socialism in the USSR" and his speech at the XIX Congress of the Party, fraternal communist parties will overcome difficulties on their path in the struggle for democratic freedoms, for national independence, for socialism, and will lead the peoples of their countries to victory.

In "Economic Problems of Socialism in the USSR" the material, objective conditions of the creative activity of the Soviet people, those economic laws on which this activity relies, are uncovered. In this work, the objective laws upon which the communist parties in capitalist countries fighting for the freedom of the working people, for the victory of

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66 I. Stalin, *Economic Problems of Socialism in the USSR*, p. 8.

democracy and socialism can rely and do rely are also uncovered.

The brilliant leader of the working people, the great Stalin, armed the popular masses with knowledge of the conditions and means of victorious movement toward their cherished goal —toward the triumph of communism, and armed them with unshakable confidence in victory.

Questions of Economics, No.2, 1953.

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ISSUES REGARDING THE DEVELOPMENT OF AGRICULTURE IN THE USSR IN THE FIFTH STALIN FIVE-YEAR PLAN

The victory of the socialist mode of production in the Soviet countryside has caused an unprecedented flourishing of the productive forces of agriculture. "No one can deny the colossal development of the productive forces of our agriculture over the last 20–25 years," Comrade Stalin points out. "But this development would not have taken place if we had not replaced the old capitalist production relations in the countryside with new, collectivist production relations in the thirties. Without this production revolution, the productive forces of our agriculture would vegetate just as they vegetate now in capitalist countries"[67].

The transfer of the Soviet peasantry to the path of collective farms ensured the eradication of poverty and destitution in the countryside. From a country of small individual farming, the USSR turned into a country of collective, large-scale, mechanized agriculture. The victory of the collective farm system opened inexhaustible possibilities for the powerful development of socialist agricultural production. During the pre-war Stalin five-year plans, in the severe days of the Great Patriotic War, and in the post-war period, the collective farm

[67] J. Stalin, Economic Problems of Socialism in the USSR, Gospolitizdat, 1952, p. 62.

system demonstrated its indestructible firmness and invincible strength.

The resolution of the grain problem in our country was of exceptional importance for the rise of socialist agriculture. The grain problem is the main link in the system of agriculture, and it is the key to solving all other agricultural problems. The grain problem, Comrade Stalin pointed out, "is the main link in the system of all agriculture because without resolving it, it is impossible to solve either the problem of livestock breeding (small and large) or the problem of industrial and special crops that provide the essential raw material for industry"[68].

Grain production was restored to the pre-war level by the third year after the end of the Great Patriotic War and continuously increased in subsequent years. In 1952, the gross harvest of grain amounted to 8 billion poods, and the gross harvest of wheat—the most important food crop—increased by 48% compared to the pre-war year of 1940. The Soviet Union firmly occupies first place in the world in wheat production, leaving behind such major producers of this crop as the USA, Argentina, and Canada. The grain problem, previously considered the most acute and serious problem, has been solved finally and irrevocably.

The successful solution of the grain problem made it possible to rapidly advance the expansion of industrial crop cultivation. The production of industrial crops, potatoes, and vegetables in the USSR grew significantly over the post-war period. Thus, for example, the gross harvest of raw cotton in 1951 exceeded

68 J. V. Stalin, Works, vol. 12, pp. 196–197.

the pre-war level by 46%, and sugar beets by 31%. In 1951, the yield of raw cotton in the Soviet republics of the East averaged 21 centners per hectare. It should be noted that in the same year, the cotton yield in Egypt was 11.5 centners per hectare, in the USA—8.3 centners, in India—3.4 centners, in Pakistan—5.2 centners, in Turkey—7.2 centners, and in Iran—4.5 centners per hectare. Cotton growers in the Soviet republics of the East produce as much cotton as India, Egypt, Iran, Turkey, and Afghanistan combined.

In connection with the serious successes achieved in the post-war years in the advancement of crop farming, the task of all-out development of animal husbandry emerged as the central task of the Party and the state in the field of agricultural development. The solution of this task requires a rapid increase in the head of livestock and a simultaneous significant growth in their productivity.

Over the seven post-war years (July 1945 – July 1952), the head of cattle in the country increased by 13.4 million head, sheep by 41.8 million head, pigs by 21.2 million head, and horses by 5.6 million head. In the course of fulfilling the fourth five-year plan, the pre-war level was exceeded for cattle and sheep livestock, and in 1952—also for pigs.

Overall across the USSR, the pre-war level was also exceeded in gross and marketable production of meat, milk, butter, eggs, wool, and hides.

The Communist Party and the Soviet Government have always paid special attention to the development of public collective farm and state farm animal husbandry as the most marketable,

productive, and capable of expanded reproduction. As Comrade G. M. Malenkov indicated in his report to the 19th Party Congress, collective farm livestock breeding, together with state farm livestock breeding, has now become predominant in the country both in terms of specific weight in the total livestock population and in the production of livestock products.

The fifth five-year plan provides for a new powerful rise in the national economy of the USSR and ensures a further significant growth in the material well-being and cultural level of the Soviet people. The implementation of the fifth Stalin five-year plan will be an important stage for our country on the path of gradual transition from socialism to communism.

Agriculture is one of the most vital branches of the national economy of the USSR. It serves as a source of food supply for the population and raw materials for the light and food industries.

The fifth five-year plan for the development of the USSR outlines a program for the further growth of agricultural production. The directives of the 19th Party Congress on the fifth five-year plan state: "The main task in the field of agriculture remains, as before, the raising of yields of all agricultural crops, the further increase in the public livestock population with a simultaneous significant growth in its productivity, and the increase in gross and marketable output of crop farming and animal husbandry through the further consolidation and development of the public economy of collective farms and the improvement of the work of state farms and Machine-Tractor Stations (MTS) on the basis of

introducing advanced machinery and agronomical techniques into agriculture.

Crop farming must become even more productive and skilled, with developed grass sowing and proper crop rotations, and a higher proportion of sown area dedicated to industrial, fodder, vegetable crops, and potatoes"[69].

Characterizing the changes in the structure of sown areas, expressed in the systematic relative and absolute growth of sown areas of industrial, vegetable-melon, and fodder crops, Comrade Stalin in his report to the 18th Party Congress showed that "our agriculture is becoming more qualified and productive, and the introduction of proper crop rotation is gaining real ground"[70].

The continuous growth of qualification in farming is one of the most important features of the development of socialist agriculture, as shown in the following table:

Structure of Sown Areas of the USSR (in % of total)

Crop Category	1913	1934	1940	1950
Grain crops	90.1	79.7	73.5	70.3
Industrial crops	4.3	8.2	7.8	8.4

[69] "Directives of the 19th Congress of the Party on the Fifth Five-Year Plan for the Development of the USSR for 1951–1955", Gospolitizdat, 1952, pp. 14–15.

[70] J. Stalin, Problems of Leninism, 1952, p. 620.

Vegetable-melon crops and potatoes	3.6	6.7	6.7	7.1
Fodder crops	2.0	5.4	12.0	14.2

The growth of qualification in socialist agriculture in the USSR continues. Sown areas of the USSR as a whole increased by 1.4 times in 1952 compared to 1913, with grain crops increasing by 5%. At the same time, areas under industrial and vegetable-melon crops increased by more than 2.4 times, and under fodder crops—by more than 11 times. Of the total value of marketable field crop production, over 40% currently accounts for industrial crops. This is a crucial feature in the development of our crop farming. Now it is no longer possible to evaluate the results of farming development solely by the amount of grain produced. The cited figures clearly show that our modern agriculture has become qualitatively different; it fundamentally differs from the old, low-productivity, extensive agriculture.

The indicated feature of farming development in the USSR reflects the growth of the public economy of collective farms and their capacity for expanded reproduction based on the multifaceted development of branches of the artel economy. The correct distribution and the most advantageous ratio of sowing various agricultural crops from the standpoint of Soviet society's interests are directly dictated by the requirements of the basic economic law of socialism.

In pre-revolutionary, capitalist Russia, over 90% of sown areas were sown with grain, which meant the complete impossibility of rationally structuring crop farming, introducing proper crop rotations, or maintaining soil fertility. Monoculture is an inevitable companion of agriculture in all capitalist countries, where the structure of sowing is determined by market demand, resulting in the barbaric depletion of soil fertility and dooming agriculture to low yields. "...All progress in capitalistic agriculture," Marx wrote, "is a progress in the art, not only of robbing the laborer, but of robbing the soil; all progress in increasing the fertility of the soil for a given time, is a progress towards ruining the lasting sources of that fertility"[71].

The fifth five-year plan provides for a significant increase in agricultural production. Over the five-year period, gross grain harvest will increase by 40–50%, including wheat by 55–65%, raw cotton by 55–65%, fiber flax by 40–50%, sugar beets by 65–70%, potatoes by 40–45%, sunflower by 50–60%, grapes by 55–60%, tobacco by 65–70%, and high-grade green tea leaves by approximately 75%. Production will increase for oil flax, soybeans, peanuts, and other oilseed crops, as well as fodder: hay by 80–90%, root and tuber crops by 3–4 times, and silage by 2 times.

Such an increase in agricultural output volume cannot be achieved solely through the expansion of sown areas. As early as 1932, the Party proclaimed the only correct line in agriculture: the line of abandoning indiscriminately expanding sown areas, the line of transitioning from indiscriminate

[71] K. Marx, Capital, vol. I, 1951, p. 509.

expansion of areas to improving land cultivation, introducing proper crop rotations, and raising the yields of agricultural crops.

Now that the pre-war level of sown areas has been restored and surpassed, the further all-out increase in yield is the primary task in crop farming.

In agriculture, the main and irreplaceable means of production —alongside tractors, combines, and other agricultural machines, livestock, buildings, etc.—is the land. This is an essential feature of agricultural production, in which the factor of land limitation as a tool of labor operates. Therefore, the paramount task of socialist agriculture consists in ensuring the expanded reproduction of soil fertility.

Having completely crushed the notorious Malthusian pseudo-law of "diminishing soil fertility" and rejected various dilapidated theories of "depletion" and "replenishment", the Communist Party, relying on Marx's famous statement that land "continuously improves if properly treated"[72], replaced them with the dialectical proposition of scientific ley farming (grass-field system), according to which only the path of obtaining high yields of agricultural plants is the path toward ever-greater improvement of soil fertility conditions.

In accordance with the targets of the fifth five-year plan, grain crop yields per hectare are to be increased: in regions of Southern Ukraine and the Northern Caucasus—up to 20–22 centners, and on irrigated lands—up to 30–34 centners; in

[72] K. Marx, Capital, vol. III, 1951, p. 794.

regions of the Volga Region—up to 14–15 centners, and on irrigated lands—up to 25–28 centners; in central chernozem regions—up to 16–18 centners, and on irrigated lands—up to 30–34 centners; in the non-chernozem belt—up to 17–19 centners; in regions of the Urals, Siberia, and Northeastern Kazakhstan—up to 15–16 centners, and on irrigated lands—up to 24–26 centners; in regions of Transcaucasia—up to 20–22 centners, and on irrigated lands—up to 30–34 centners per hectare; rice yield on irrigated lands is to reach 40–50 centners per hectare.

The plan projects a significant growth in yields of industrial crops and potatoes. Thus, cotton yield per hectare must increase: in regions of Central Asia and Southern Kazakhstan —up to 26–27 centners; in regions of Transcaucasia—up to 25 –27 centners; and in southern regions of the European part on irrigated lands—up to 11–13 centners, and on non-irrigated lands—up to 5–7 centners per hectare.

It is required to bring fiber flax yields per hectare in regions of the non-chernozem belt up to 4.5–5.5 centners, and in regions of the Urals and Siberia—up to 4–5 centners per hectare; sugar beets in regions of the Ukrainian SSR, Moldavian SSR, and Northern Caucasus—up to 255–265 centners, in central chernozem regions—up to 200–210 centners, and in regions of Central Asia and Kazakhstan—up to 400–425 centners per hectare; potatoes in non-chernozem belt regions—up to 155–175 centners, in central chernozem regions—up to 140–160 centners, in regions of the South and Northern Caucasus—up to 135–155 centners, and in regions of the Urals and Siberia—up to 125–145 centners per hectare; sunflower in regions of the

Ukrainian SSR, Moldavian SSR, and Northern Caucasus—up to 17–20 centners, in central chernozem regions—up to 14.5–16.5 centners, and in Volga Region districts—up to 10–12 centners per hectare.

These yield targets, differentiated for various regions of the USSR, serve as a model of concrete operational management of agriculture, taking into account local features and capabilities. They rely on the experience of leading collective farms, state farms, and MTS, which have proven the possibility of decisively raising the yields of all agricultural crops in all zones of the USSR.

Livestock output must increase over the five-year period in the following proportions: meat and lard by 80–90%, milk by 45–50%, wool by approximately 2–2.5 times (including fine wool by 4–4.5 times), and eggs (in collective and state farms) by 6–7 times. Understandably, this can be achieved not only through numerical growth, but also through qualitative improvement of the herd and an increase in its productivity.

The fifth five-year plan provides for the following increase in livestock population in the country (in %):

Category	**Collective Farms**	**State Farms**	**Across All USSR Agriculture**
Cattle	36–38	35–40	18–20
Sheep	75–80	75–80	60–62

Pigs	85–90	40–45	45–50

Even higher growth rates are planned for the growth of cow head: in collective farms—approximately 2-fold, and in state farms—by 70–75%. The horse population in collective farms must increase by 14–16%, and the poultry population by 3–3.5 times.

These figures reflect the ability of collective farms and state farms, as large socialist agricultural enterprises, to carry out expanded reproduction of the herd. At the same time, it should be noted that the growth rate of the breeding stock (cows) outpaces the overall cattle growth rate. This will provide the opportunity to further increase herd reproduction rates in the future.

Along with the quantitative growth of livestock of all types, the productivity of animal husbandry will significantly increase in the fifth five-year plan. The five-year plan sets milk yield targets differentiated both by regions of the country and by categories of farms.

In collective farms, it is necessary to bring milk yield per cow to: 1,800–2,000 kg in non-chernozem belt regions; 1,700–2,000 kg in central chernozem regions; 1,600–1,900 kg in regions of the South and Volga Region; 1,500–1,700 kg in regions of Siberia, the Urals, and Northeastern Kazakhstan; 700–900 kg in Central Asia; and 900–1,100 kg in Transcaucasia.

In state farms in 1955, milk yield per cow must be brought to: 3,500–3,900 kg in non-chernozem belt regions; 3,000–3,400 kg in central chernozem regions; 2,800–3,200 kg in the South and Northern Caucasus; 2,400–2,900 kg in Siberia and northern regions of Kazakhstan; and 2,100–2,600 kg in stud state farms of the Volga Region, Central Asia, Transcaucasia, and southern regions of Kazakhstan.

The productivity of sheep breeding will increase significantly. Thus, it is necessary to raise wool clip per fine-wool sheep in collective farms of Southern and Northern Caucasus regions to 5.2–5.8 kg, per semi-fine-wool sheep—to 4.2–4.8 kg; in central chernozem regions per fine-wool sheep—to 4.2–5.0 kg, and per semi-fine-wool sheep—to 4.0–4.2 kg; in Volga Region districts per fine-wool sheep—to 4.6–5.4 kg, and per semi-fine-wool sheep—to 3.9–4.5 kg; in regions of Siberia per fine-wool sheep—to 4.3–4.9 kg, and per semi-fine-wool sheep—to 3.8–4.2 kg. The average wool clip per fine-wool sheep in state farms of Southern, Northern Caucasus, and Volga Region districts must be brought to 5.5–6.5 kg, and in Siberia, Kazakhstan, Central Asia, and Transcaucasia—to 4.3–5.0 kg.

Fulfilling the five-year plan targets both in terms of livestock numbers and qualitative indicators of productive animal husbandry will require agricultural workers to carry out serious work in improving feeding and livestock care, raising the breeding qualities of the herd, significantly increasing the head of the most valuable fine-wool sheep breeds, and raising the level of zootechnical work on farms.

The main task in animal husbandry was and remains the all-out consolidation and development of the fodder base in proportion

to livestock growth. The USSR possesses vast areas of natural pasture and hayfield lands, and their improvement is an important national economic task. However, these lands are unevenly distributed, and some cannot yield stable grass crops without irrigation. In addition, raising livestock productivity (especially for cows and pigs) cannot be based solely on using hay and natural green fodder. That is why in the fifth five-year plan, special attention must be paid to growing areas under fodder crops and measures aimed at raising their yields. Over the five-year period, fodder crop sowings will increase by approximately 70%, and the yield of sown grasses, silage crops, and fodder root crops will increase by no less than 2 times.

The question also arises regarding the further introduction of a more intensive system of dairy cattle management. The plowing up in a number of regions of all or the vast majority of arable lands and the resulting reduction in natural hayfields and pastures makes it possible in these regions to transition dairy cattle to year-round stall keeping only with the all-out development of grass sowings, fodder root crops, melons, silage, and other crops. The "green conveyor" system should be introduced more widely, and low-productivity meadows and pastures should be brought into crop rotation. Such a system of keeping dairy cattle is economically advisable (naturally taking into account local conditions), since it increases the feed efficiency ratio and contributes to increasing milk yields and keeping them at a high level throughout the year.

The experience of advanced collective farms and entire districts confirms that with abundant feeding of cows with

green, succulent, and roughage feeds, alongside small expenditures of concentrates, annual milk yields can be doubled within 2–3 years. This testifies to the economic effectiveness of the stall system of keeping dairy cattle.

As for sheep breeding, it will additionally receive an abundant fodder base as a result of land irrigation and water supply in the areas of the V. I. Lenin Volga-Don Canal, the Caspian Depression, the Nogai Steppe, and the Main Turkmen Canal zone. Here, the opportunity will present itself to maintain large flocks of sheep, especially of such valuable breeds as fine-wool and Karakul sheep. In regions of Central Asia and Kazakhstan, plots of high-yield hayfields and pastures will be created through the use of local irrigation and artesian waters.

The execution of the tasks set by the 19th Party Congress to advance crop farming and animal husbandry requires collective farms to further consolidate and expand their multifaceted public economy with a proper combination of branches based on the growth of socialist accumulations and capital investments in production.

Our collective farms develop as large-scale, highly mechanized, multi-branch, and highly marketable enterprises. Their all-out organizational and economic consolidation has always been an object of concern for the Soviet state.

Production in collective farms develops on an expanded foundation; this is best evidenced by an indicator such as the growth of indivisible funds, as well as the increase in collective farm incomes. Indivisible funds of collective farms, according to data from early 1952, increased by more than 2 times, and

their cash incomes increased in 1951 by 86.7% compared to 1940.

The 19th Party Congress, in its directives on the fifth five-year plan, determined that capital investments of collective farms must continue to be directed primarily toward developing the public economy—constructing farm buildings, livestock housing, irrigation and drainage canals, reservoirs, clearing land of brushwood, planting field-protective forest belts, constructing collective farm power stations, and other structures necessary for the successful development of the public economy of collective farms and for increasing the incomes of collective farms and collective farmers.

The volume of state capital investments in agriculture in the fifth five-year plan will increase by approximately 2.1 times, with investments in irrigation and land reclamation increasing by approximately 4 times compared to the fourth five-year plan.

The national economy of the USSR, including agriculture, develops at the expense of internal sources of accumulation and through the use of its own resources. The strictest regime of economy, the elimination of unproductive expenditures and losses, and the rational use of means of production are essential conditions for creating and properly using socialist accumulations. In agricultural production, there are still major losses and unproductive expenditures. Due to unsatisfactory maintenance of machine-tractor fleets, machinery wears out prematurely, overruns occur in capital and current machine repairs, and consumption norms for fuel and lubricants are sometimes exceeded. In a number of collective farms, state

farms, and MTS, as a result of poor management, harvest shortfalls and losses take place, livestock productivity remains low, instances of squandering collective farm property occur, and other violations of the Agricultural Artel Statute are committed. Eliminating these shortcomings will allow collective farms and state farms to utilize the huge capital investments in production with maximum efficiency and ensure the further growth of socialist agriculture.

Defining the significance of agricultural technology concentrated in the hands of the state, Comrade Stalin points out:

"The further growth of the collective farm movement and the development of collective farm construction definitively convinced both collective farmers and leadership personnel that the concentration of the main implements of agricultural production in the hands of the state, in the hands of machine-tractor stations, is the sole means of ensuring high growth rates of collective farm production.

We all rejoice at the colossal growth of agricultural production in our country, the growth of grain production, cotton production, flax, beets, etc. Where is the source of this growth? The source of this growth lies in modern technology, in the numerous modern machines serving all these branches of production. It is not just a matter of technology in general, but that technology cannot stand still; it must constantly be improved—old technology must be decommissioned and replaced by new, latest technology. Without this, the forward

movement of our socialist agriculture is unthinkable, as are high yields or an abundance of agricultural products"[73].

Equipping collective farm production with first-class modern technology saves labor expenditures to a huge degree, increases labor productivity, and eases the work of collective farmers. This can be illustrated by the data in the following table:

Labor Expenditures per 1 ha of Sowing and per 1 Centner of Output of Cereal Crops (in man-days)

Category	Per 1 ha of Sowing	Per 1 Centner of Grain
Individual farms (1922–1925)	20.8	3.2
Collective farms in 1933	12.3	1.7
Collective farms in 1937	10.5	1.0
Expenditures in collective farms in 1937 in % of expenditures in individual farms	50.5%	31.2%

[73] J. Stalin, Economic Problems of Socialism in the USSR, p. 90.

The same in % of expenditures in collective farms in 1933	85.4%	58.8%

The table shows that labor expenditures per 1 ha of cereal crop sowing in collective farms in 1937 decreased by half, and per 1 centner of output by more than three times compared to expenditures in individual farms. It should be indicated that in 1937 alone, collective farms saved the labor of 7.2 million annual workers as a result of using tractors and combines[74].

The total capacity of the tractor fleet in MTS and state farms over the post-war period increased by 59% compared to the pre-war level, and combines—by 51%. During the fourth Stalin five-year plan, there was not only a process of further technical equipping of agriculture, but also qualitative changes in the mechanization of production, expressed primarily in adapting machines to the conditions of different zones of the country and to the execution of specific tasks, as well as in increasing their economic efficiency and productivity.

Our technology does not stand still. The tractor fleet was replenished with powerful crawler tractors of 80 hp designed for the most labor-intensive tasks. At the same time, agriculture received medium-power tractors as well as low-power machines—row-crop and garden-orchard tractors. A significant number of tractors operating on cheaper diesel fuel appeared; the specific weight of diesel tractors in MTS grew from 6% in

[74] See "Problems of Collective Farm Construction in the USSR", Gospolitizdat, 1951, pp. 190, 192.

1940 to 25% by the end of 1950. Aside from conventional combines, agriculture received 39,000 improved self-propelled combines, many wide-cut mowers, beet combines, cotton pickers, various improved and combination seed drills, tree-planting machines, etc., during the fourth five-year plan period. In 1952 alone—in one year of the fifth five-year plan—agriculture received 131,000 tractors (converted to 15-hp units), 41,000 grain harvesters (including 21,000 self-propelled combines), 57,000 trucks, and over 2 million various agricultural machines and implements.

The use of electricity in agricultural work in collective farms is growing significantly, particularly in water supply for livestock farms, feed preparation, cow milking, and sheep shearing. The necessity arose not only for standard MTS, but also for specialized ones: forest protection, meadow reclamation, and machine-livestock stations. The total number of all these machine-tractor stations currently stands at 8,939 units.

In the new five-year plan, it is planned to complete the mechanization of basic field work in collective farms, widely expand the mechanization of labor-intensive tasks in animal husbandry, vegetable growing, horticulture, transportation, loading and unloading of agricultural products, irrigation, wetland drainage, and land clearance.

To carry out this task, it is provided to bring the level of mechanization in 1955 to: plowing, sowing of grain, industrial, and fodder crops up to 90–95%; harvesting grain crops and sunflowers with combines up to 80–90%; harvesting sugar beets up to 90–95%; harvesting raw cotton with cotton picking machines up to 60–70%; sowing and harvesting long-fiber flax

up to 80–90%; planting, inter-row cultivation, and harvesting of potatoes up to 55–60%; haymaking and silaging up to 70–80%. In 1952, MTS performed 34 basic field tasks in collective farms using their tractor and machinery fleet.

By the end of the five-year plan, the tractor fleet capacity of MTS will increase by approximately 50%. The number of row-crop tractors with mounted implements for inter-row crop cultivation will grow especially. In 1955, the capacity of the tractor fleet working in collective farm fields per 100 ha of sown area will increase by 70% compared to 1940, and by 30% compared to 1950. In terms of agricultural mechanization level, as well as degree of technology utilization, the Soviet Union has outpaced the USA and other capitalist countries. The productivity of the MTS tractor fleet increases year by year. In the pre-war year of 1940, average seasonal output converted per 15-hp tractor was 411 ha of soft plowing; in 1950—469 ha; and in 1951—already 484 ha. However, in light of the new tasks facing socialist agriculture, questions of further increasing tractor fleet productivity acquire even greater importance. In the fifth five-year plan, MTS and our operator cadres face the task of achieving an increase in the daily output of each tractor by approximately 50%.

In the fifth five-year plan, industry will supply agriculture with a large number of new machines, implements, mechanisms, and engines for further mechanization of work in crop farming and animal husbandry; their productive use is a matter of honor for collective farms, MTS, and state farms. It is necessary to continue improving the work of machine-tractor stations, expand their activities in mechanizing labor-intensive tasks in

all branches of collective farm production, and raise the responsibility of MTS for fulfilling plans regarding crop yields and livestock productivity.

The continuously increasing participation of public ownership in the form of MTS in agricultural production strengthens state economic leadership over collective farms.

The expanded reproduction of soil fertility has as its source the further introduction of the ley farming system (grass-field system) and the realization of the majestic Stalin plan for the transformation of nature.

The ley farming system represents a harmonious system of agronomical measures based on the teachings of prominent Russian agronomists: V. V. Dokuchaev, P. A. Kostychev, and V. R. Williams. This system includes: a) planting protective forest belts on watersheds, along crop rotation field borders, ravines and gullies, river and lake banks, around ponds and reservoirs, as well as afforestation and sand stabilization; b) proper land organization with the introduction of ley field and fodder crop rotations and rational land use; c) proper soil cultivation system, crop care, and above all, broad application of bare fallow, autumn plowing, and stubble disk harrowing; d) proper system of applying organic and mineral fertilizers; e) sowing with selected seeds of high-yield varieties adapted to local conditions; f) development of irrigation based on local runoff water utilization through the construction of ponds and reservoirs.

Broad and systematic implementation of these measures contributes to obtaining high and stable yields, allowing the all-

out consolidation of collective and state farm economies through the development of a multifaceted, highly marketable economy with a proper combination of crop farming and animal husbandry branches.

In the steppe and forest-steppe regions of the European part of the USSR, major work unfolded as early as 1948 on creating state forest belts and field-protective forest plantings in collective and state farms, as well as constructing ponds and reservoirs. Over the past three and a half years, collective farms, state farms, and forestry enterprises carried out the planting of field-protective forest belts on an area of 2.6 million ha and built over 12,000 ponds and reservoirs. In 1952 alone, plantings and sowings of field-protective forest belts were carried out on an area of over 725,000 ha. The 19th Party Congress mandated ensuring in the fifth five-year plan the further expansion of field-protective afforestation work in steppe and forest-steppe regions, carrying out agro-forest reclamation measures to combat soil erosion, as well as sand afforestation, creating commercial forests, and establishing green zones around cities, industrial centers, riverbanks, canals, and reservoirs. During the five-year period, it is necessary to establish no less than 2.5 million ha of protective forest plantings in collective and state farms and about 2.5 million ha of state forest sowings and plantings.

Among measures aimed at raising crop yields in the non-chernozem belt, liming acidic soils with the simultaneous application of sufficient organic and mineral fertilizers, as well as the all-out development of grass sowing and improvement of soil cultivation, is of serious importance. Up to 26% of

collective farm grain sowings and 60% of potatoes are concentrated in the non-chernozem belt. Hence the clarity of the importance of carrying out these measures for the national economy of the USSR.

Enormous reserves for further yield increases also exist in the chernozem regions of the country. Utilizing these reserves is primarily linked to strictly observing optimal timelines for field work and improving soil cultivation quality. Great importance, in particular, belongs to the deep plowing method proposed by Soviet agrobiological science and successfully applied in agricultural practice to utilize the natural fertility of lower arable horizons.

During the fourth five-year plan, significant work was carried out in collective and state farms on introducing and mastering proper crop rotations and improving soil cultivation. However, as indicated in Comrade M. Z. Saburov's report at the 19th Party Congress, serious shortcomings exist in this matter that must be eliminated. The fifth five-year plan projects the further development of grass sowing, which is one of the most important means of raising crop yields and consolidating the fodder base of animal husbandry; provision is made for expanding work on mastering proper ley crop rotations, and their mastering must be carried out in such a way as to ensure an annual increase in grain, industrial, and fodder crop production in accordance with the state plan.

Breeding and introducing higher-yield crop varieties is of great importance for raising yields. It is sufficient to point out, for example, that merely replacing old sunflower varieties with new, higher-oil-content hybrid varieties yielding no less than

30–35% seed oil will make it possible to increase sunflower oil production in the country by more than 100,000 tons. Over the post-war period, 290 new, high-yielding varieties of various crops were bred and introduced into production in the USSR.

The construction of the great projects of communism—gigantic hydroelectric power stations and irrigation systems on the Volga, Don, Dnieper, and Amu Darya rivers, and the commissioning of the V. I. Lenin Volga-Don Canal—exerts a huge influence on the further development of socialist agriculture. Their construction makes it possible to irrigate over 6 million ha and supply water to 22 million ha of land, as well as widely electrify agricultural production.

In his report on the 34th anniversary of the Great October Socialist Revolution, Comrade L. P. Beria indicated that the planned expansion of irrigated and water-supplied areas will make it possible to additionally produce annually 3 million tons of raw cotton (which constitutes more than one-third of the average annual US cotton production), 0.5 billion poods of wheat, 30 million poods of rice, and 6 million tons of sugar beets. Cattle population in these regions will increase by 2 million head, and sheep by 9 million head.

The 19th Party Congress, in its directives on the fifth five-year plan, proposed: ensuring highly productive utilization of all irrigated and drained lands; carrying out a universal transition to a new irrigation system with temporary irrigation canals instead of permanent ones; considering as priority tasks the construction of irrigation and water-supply systems based on electric power from the Kuibyshev Hydroelectric Station and in the V. I. Lenin Volga-Don Canal zone; proceeding with the

construction of irrigation and water-supply systems in the Stalingrad Hydroelectric Station zone, and the Main Turkmen, South Ukrainian, and North Crimean canals. Preparatory work must be conducted for constructing irrigation systems for irrigating and supplying water to the Kulunda Steppe lands, and work must continue on constructing irrigation systems in the central chernozem regions, Kura-Arax Lowland, Syr Darya, Zeravshan, and Kashka Darya river basins, Central Fergana districts, Kuban-Yegorlyk system, Orto-Tokoy Reservoir, and Great Chuy Canal. Over the five-year period, irrigated land area must be increased by 30–35%, and 30,000–35,000 ponds and reservoirs will be constructed in collective and state farms with provision for their comprehensive economic utilization.

The transition to a new irrigation system using temporary irrigators over an area of 4.3 million ha is of exceptional importance for raising yields of all agricultural crops in irrigated farming.

During the fifth five-year plan period, swamp drainage work will be carried out in the Byelorussian SSR, Ukrainian SSR (primarily in Polessie Lowland regions), Lithuanian SSR, Latvian SSR, Estonian SSR, Karelo-Finnish SSR, northwestern and central regions of the RSFSR, Baraba Lowland, and other regions. Over 1951–1955, drained land area will increase by 40 –45%.

The firstborn of the great projects of communism to enter operation, the V. I. Lenin Volga-Don Canal, made it possible to irrigate the first 100,000 ha of agricultural lands in Rostov Oblast in 1952. Already in the first year of operating the new irrigation networks, harvests unprecedented in these parts were

obtained. Thus, on irrigated plots of the Voroshilov Collective Farm, 245 poods of grain were harvested per hectare. The Andreev Agricultural Artel harvested 294 poods of grain per hectare from its entire irrigated area. It should be noted that these yields were obtained on large areas in regions of arid steppe where, under ordinary conditions, a yield of 50–60 poods per hectare was already considered good, and where field yield depended almost entirely on the amount of rainfall occurring during the growing season.

The execution of the majestic Stalin plan for the transformation of nature puts an end to the dependence of socialist agriculture on blind natural elements. As a result of carrying out the major planned works in irrigation development, field-protective forest belt creation, and wetland drainage, our agriculture will rise to a higher stage, and the country will be permanently insured against weather contingencies.

The per-hectare principle of agricultural product procurement established in 1940 is of paramount importance for the successful development of collective farm production. This system, based on calculating mandatory deliveries by collective farms of field farming and animal husbandry products per hectare of arable or land area, increased the interest of collective farms and collective farmers in developing, consolidating, and expanding their public economy.

12 years of the new policy in agricultural procurement have proven its vitality and proximity to the interests of the collective farm peasantry. Deliveries across almost all types of agricultural products increase significantly every year. For many years, grain procurement plans have been overfulfilled.

This speaks to the growth of marketability in collective farm production.

The enlargement of small collective farms, carried out on the initiative of the Party and Government with active support from below, was a practical embodiment of the Leninist-Stalinist proposition on the advantages of large-scale farming over small-scale farming. The merger of collective farms was of enormous significance for the further rise of agricultural productive forces: it raised the degree of concentration of collective farm production, created the most favorable conditions for applying modern rich machine technology, expanding and perfecting the public economy, and raising its marketability. Currently in the USSR, there are 97,000 enlarged collective farms instead of 254,000 small collective farms as of January 1, 1950.

In connection with carrying out the enlargement of small collective farms, the Party took timely measures to overcome the incorrect tendency of a consumer-oriented approach to collective farm construction questions. Individual leadership workers proposed rapidly carrying out the mass relocation of villages, creating "agrogorods" (agro-cities), etc., considering this the paramount task of organizational-economic consolidation of collective farms. Thus, secondary, derivative, everyday-life tasks—whose solution is possible only on the foundation of developed public production—were pushed to the forefront instead of main production tasks: raising crop yields and livestock productivity, and continuously growing and consolidating the public economy. As indicated in Comrade G. M. Malenkov's report to the 19th Party Congress,

Party, Soviet, and agricultural organs are obligated to continue constantly displaying concern for consolidating and developing the public economy of collective farms—which is the main force of collective farms—and on this basis ensure the growth of collective farm production marketability and the further raising of material and overall living well-being of collective farmers.

Distracting from the solution of the main production task is also the widespread practice in collective and state farms of creating auxiliary enterprises producing bricks, tiles, and other industrial products. This situation, as Comrade G. M. Malenkov indicated, must be corrected, and all efforts of collective and state farms must be concentrated entirely on the further development of multi-branch agricultural production.

As is known, the Party eliminated errors in labor organization in collective farms when isolated work links (teams) were implanted in a number of places, which led to the weakening and even direct liquidation of production brigades and was directed against the mechanization of grain farming. As a result of eliminating these errors, labor organization in collective farms significantly improved. Nevertheless, a number of substantial shortcomings still exist that prevent labor productivity of collective farmers from being raised even higher. Turnover in production brigade personnel, impersonality in using means of production, and weak brigade leadership—owing to which downtime and working time losses are permitted—are all shortcomings still characteristic of a number of collective farms, and they must be eliminated. The income distribution system must become more progressive in

order to completely eliminate equalizing (uravnilovka) and steadily raise the value of the work-day unit (trudoden).

Eliminating these shortcomings will make it possible to consolidate collective farms in organizational and economic respects, raise labor productivity in agriculture by 40% during the current five-year plan, and ensure the unconditional fulfillment and overfulfillment of the fifth five-year plan targets for agricultural development.

Increasing the labor productivity of collective farmers, growing collective farm production, and increasing crop and livestock output will ensure in the fifth five-year plan a further rise in the material well-being and cultural level of the collective farm peasantry, raising cash and in-kind incomes of collective farmers (in monetary terms) by no less than 40%.

The victory of the socialist mode of production in agriculture opened boundless horizons for the flourishing of advanced agrobiological science and the broad application of its achievements, and for developing the initiative of the peasant masses in the struggle to raise soil fertility, achieve high and stable yields, and advance animal husbandry.

Introducing the achievements of science and advanced agricultural practice into production is a matter of great state importance. The experience of leading agricultural workers clearly shows how vast and truly inexhaustible the reserves are for the further advancement of socialist crop farming and animal husbandry.

In regions of Southern Ukraine and the Northern Caucasus, according to the five-year plan target, grain crop yields must

reach 20–22 centners per hectare. Already in 1952, all collective farms of Kuban harvested, according to preliminary data, 22 centners of cereals per hectare, and many collective farms of Krasnodar Krai harvested 25–30 centners. Collective farms of Bashtanka District, Mykolaiv Oblast, grew 27.5 centners of grain across their entire area of 38,000 ha, while collective farms of Snihurivka District of the same oblast grew 34 centners of wheat per hectare. In our country, there are a large number of collective and state farms where milk yields exceed 4,000–5,000 and even 6,000 kg per cow per year. These examples show how vast the existing reserves are and how much agricultural production can be raised if the experience of leading workers becomes the property of every collective farm and state farm.

The press, radio, cinema, excursions to leading farms, district, regional, and krai agricultural exhibitions, and three-year agro-zootechnical courses organized everywhere in collective and state farms, along with the school-course network for training and retraining agricultural cadres—all these means serve the cause of further advancing agricultural production and arming the multi-million masses of collective farmers, MTS workers, and state farm workers with knowledge and advanced experience.

However, in the organization of agricultural propaganda and in the introduction of scientific achievements and advanced experience, there are significant shortcomings. Propaganda and implementation of advanced experience in production are still carried out unsatisfactorily, and agricultural science, despite existing achievements, still lags behind the demands of

collective and state farm production. To eliminate these shortcomings, it is necessary to develop the creative initiative of scientific and practical workers in every way and multiply the ranks of masters of high yields and high livestock productivity. The Party demands supporting everything advanced and progressive, and rapidly introducing the achievements of science and advanced experience into all branches of collective farm and state farm production.

The fifth five-year plan for the development of the USSR represents a new major step forward on the path of our country's development from socialism to communism. In his brilliant work "Economic Problems of Socialism in the USSR," Comrade Stalin developed program propositions on the essential preliminary conditions for preparing the transition to communism. Comrade Stalin emphasized the necessity of "raising collective farm property to the level of public property through gradual transitions carried out to the benefit of collective farms and, consequently, of all society, and replacing commodity circulation—also through gradual transitions—with a system of product exchange, so that the central authority or some other social-economic center can encompass all output of social production in the interests of society"[75]. Comrade Stalin teaches that it is impossible to achieve either an abundance of products capable of covering all needs of society or a transition to the formula "to each according to his needs" while leaving in force such economic facts as collective-farm group property, commodity circulation, etc.

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[75] J. Stalin, Economic Problems of Socialism in the USSR, p. 67.

In his classic work of creative Marxism, Comrade Stalin theoretically substantiated and pointed out the paths for raising collective farm property to the level of public property. It is known that a significant portion of collective farm production output, its surpluses, enters the market, thus becoming included in the system of commodity circulation. This is precisely what currently prevents collective farm property from being raised to the level of public property. The core of the matter consists in excluding collective farm production surpluses from the system of commodity circulation and including them in the system of product exchange between state industry and collective farms.

In the practice of Soviet agricultural procurement, the "merchandising" (otovarivanie) of procurements received certain development. Under the "merchandising" of procurements, many goods are released on favorable terms, as a result of which collective farms and collective farmers alone in 1952 were due to receive a net gain in the amount of several billion rubles.

Comrade Stalin set the task of organizing the rudiments of product exchange in all branches of agriculture and developing them into a broad system of product exchange, unconditionally beneficial to the collective farm peasantry, since they will receive far more products from the state and at cheaper prices than under commodity circulation.

"Such a system," Comrade Stalin teaches, "will require a tremendous increase in output supplied by the city to the countryside, so it will have to be introduced without special haste, as urban products accumulate. But it must be introduced steadily, without hesitation, step by step contracting the sphere

of action of commodity circulation and expanding the sphere of action of product exchange.

Such a system, contracting the sphere of action of commodity circulation, will ease the transition from socialism to communism. In addition, it will make it possible to include the basic property of collective farms, the production output of collective farms, into the general system of nation-wide planning. This will be the real and decisive means for raising collective farm property to the level of public property under our contemporary conditions"[76].

Comrade Stalin developed and enriched the theory of Marxism-Leninism on eliminating the antithesis between town and country, and provided a theoretical formulation and solution to a new question in Marxist science regarding the conditions for the disappearance of the essential distinction between town (industry) and country (agriculture). He showed that the distinction between agriculture and industry in our country reduces not only to the fact that labor conditions in agriculture differ from labor conditions in industry, but above all and mainly to the fact that in industry we have public ownership of the means of production and production output, whereas in agriculture we have group, collective-farm property rather than public property. Only with the disappearance of this essential distinction can commodity production disappear with all its ensuing consequences.

These profound theoretical propositions of Comrade Stalin illuminate with bright light the historical uniqueness of the path

[76] J. Stalin, Economic Problems of Socialism in the USSR, p. 94.

of the collective farm peasantry toward communism and provide the solution to one of the basic preliminary conditions for preparing the transition from socialism to communism.

The example of the Soviet Union arms the countries of people's democracy in Europe and Asia with invaluable experience in building socialism. Agricultural production in these countries is taking the path of rapid growth; new production relations are arising within it, characterizing the transition to collective labor based on modern agricultural technology.

In the peasant fields of European countries of people's democracy, tractors and machinery are operating, the number of which is continuously and rapidly increasing. By early 1952, there were over 1,100 machine-tractor stations in these countries, representing a powerful lever for transitioning the agriculture of people's democracies onto the rails of socialism. In Czechoslovakia, cooperative and state farms unite 31% of the country's arable area, and in Hungary—30%. In Bulgaria, labor cooperative agricultural farms account for 46% of all arable land.

Major transformations are taking place in the agriculture of the People's Republic of China. As reported by the Minister of Agriculture of the Republic, Li Shucheng, over 4,000 agricultural producer cooperatives have been created in China. About 40% of the country's peasant households participate in various types of mutual aid teams[77].

[77] See "People's China" No. 19, 1952, p. 29.

The giant successes of agriculture in the countries of the camp of peace, freedom, and democracy led by the Soviet Union stand out especially vividly against the background of agriculture degradation in capitalist countries, accompanied by the impoverishment and ruin of many thousands of farmers, squandering of natural productive forces, falling yields, and declining consumption of agricultural products by working people.

From 1938 to 1940 alone, grain production in the capitalist world contracted by 2 billion poods. Wheat production in the USA over the period from 1947 to 1950 dropped by 26%. According to US Senate committee data, per capita bread consumption in 1950 contracted by 19% compared to pre-war times.

Modern capitalism is incapable of ensuring the mechanization of agriculture; it dooms technology to stagnation and deprives small farmers and peasants of the opportunity to utilize all its benefits. In France, for example, there are only 7 tractors per 1,000 ha of sown area, and in Italy—4 tractors. At the same time, in Soviet Uzbekistan, there are 14 tractors per 1,000 ha of sown area, and these tractors are of much greater power. If one takes foreign countries of the East, the difference in mechanization level turns out to be even more striking. In the Uzbek SSR, there is one tractor per 70 ha of sowings, whereas in Pakistan there is one tractor per 9,000 ha, in India—13,000 ha, and in Iran—per 18,000 ha of sowings.

This comparison clearly demonstrates the great advantages of the Soviet social and state system in organizing agriculture. "...Only large-scale production of the public type," Comrade

Stalin teaches, "is capable of fully utilizing scientific data and new technology and advancing the development of our agriculture by leaps and bounds"[78].

The entire giant experience of socialist construction in the USSR teaches that a production plan is the living and practical activity of millions of people inspired by determination and readiness to fulfill the plan.

Multi-million masses of agricultural workers, closely united around the invincible banner of the Party of Lenin and Stalin, mastering science and advanced experience, are fighting to create an abundance of products in our country.

Fulfilling and overfulfilling the targets of the fifth five-year plan for the development of the USSR regarding the further advancement of agriculture is a vital cause for the masses of collective farm men and women, MTS workers, and state farm workers—their worthy contribution to the cause of building a communist society.

Questions of Economics, No.2, 1953.

[78] J. V. Stalin, Works, vol. 12, p. 59.

G. Gak

THE LAW OF MANDATORY CONFORMITY OF PRODUCTION RELATIONS TO THE CHARACTER OF PRODUCTIVE FORCES

I. V. Stalin's brilliant work "Economic Problems of Socialism in the USSR" is a great contribution to Marxist-Leninist theory: to political economy, philosophy, and the theory of scientific communism. In this classic work, Comrade Stalin comprehensively investigated the economic laws of socialism, brilliantly illuminated with the light of science the objective foundations of the transition to communism, and provided a detailed program of action for preparing the conditions for this transition.

In "Economic Problems of Socialism in the USSR", Comrade Stalin showed that one of the laws upon which the creation of socialist forms of economy relied and upon which the solution of the tasks of transition to communism relies is the law of mandatory conformity of production relations to the character of productive forces.

Marx, who discovered this law, expressed its essence in the preface to "A Contribution to the Critique of Political Economy" in the following words: "In the social production of their life, men enter into definite, necessary relations that are independent of their will—production relations, which

correspond to a definite stage of development of their material productive forces"[79].

Developing this proposition of Marx further, Comrade Stalin deeply uncovered its essence and significance, characterizing it as the proposition on the law of mandatory conformity of production relations to the character of productive forces. Comrade Stalin showed the universality of the law of mandatory conformity, its operation in all phases of social development, in all socio-economic formations, including socialism. Comrade Stalin comprehensively showed the mechanism of interrelation and interaction of productive forces and production relations, the place and significance of the law of mandatory conformity of production relations to the character of productive forces in the progressive development of human society. Comrade Stalin gave a deep analysis of the features and concrete forms of operation of the law of mandatory conformity in socialist society.

Marxism-Leninism teaches that the process of production has two sides, inseparably connected with each other. One side is constituted by the productive forces of society, the other side by the production relations of people. "In production," Marx wrote, "men act not only on nature, but also on one another. They produce only by co-operating in a certain way and mutually exchanging their activity. In order to produce, they enter into definite connections and relations and only within

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[79] K. Marx, *A Contribution to the Critique of Political Economy*. Gospolitizdat, 1952, p. 7.

these social connections and relations does their action on nature take place, does production take place"[80].

Developing this proposition of Marx further, Comrade Stalin in his work "On Dialectical and Historical Materialism" points out that production is unthinkable without production relations, that production relations, whatever their character may be, constitute under all conditions just as necessary an element of production as the productive forces of society. Accordingly, Comrade Stalin defined the concept of the mode of production, indicating that "the mode of production embraces both the productive forces of society and the production relations of men, and thus embodies their unity in the process of material wealth production"[81]. This definition of the mode of production reflects the fact that "only the presence of both sides of production gives us social production, regardless of whether we are speaking of the socialist system or of other social formations"[82].

Both sides of production, reflecting two rows of different relations—the relations of men to nature (productive forces) and the relations of men to each other in the process of production (production relations)—inseparably connected with each other, stand in definite relations to each other. In his works "On Dialectical and Historical Materialism" and "Economic Problems of Socialism in the USSR", Comrade

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80 K. Marx and F. Engels, *Works*, v. V, p. 429.

81 I. Stalin, *Problems of Leninism*, 1952, p. 590 (and p. 593 further down).

82 I. Stalin, *Economic Problems of Socialism in the USSR*. Gospolitizdat, 1952, p. 63.

Stalin brilliantly uncovered the interrelation and interaction of both sides of the mode of production. Comrade Stalin teaches that productive forces are the most mobile and revolutionary element of production, that changes in the mode of production always begin with changes and development of productive forces, first of all of the instruments of production. "First," Comrade Stalin points out, "the productive forces of society change and develop, and then, depending on these changes and in conformity with them, men's production relations, their economic relations change"[83]. But this does not mean, Comrade Stalin further points out, that productive forces do not depend in their development on production relations. The latter, for their part, exert an influence on the development of productive forces.

The classics of Marxism-Leninism have always pointed out the active role played by production relations in social production, always emphasized that production relations can either promote the development of productive forces or hinder it, depending on whether they correspond to the growth of productive forces or contradict them. Already in the letter to Annenkov of December 28, 1846, Marx developed the following propositions: "...People," Marx wrote, "are not free to choose their productive forces—which are the basis of all their history—for every productive force is an acquired force, the product of former activity. Thus productive forces are the result of practical human energy, but this energy itself is conditioned by the circumstances in which people find

83 I. Stalin, *Problems of Leninism*, 1952, pp. 591–592.

themselves, by the productive forces already acquired, by the social form which exists before them, which is not created by these people, which is the creation of previous generations"[84]. But in order that productive forces may develop further, it is necessary that obsolete production relations should give way to new production relations capable of promoting the further growth of productive forces, of pushing forward their development. "People never renounce what they have acquired, but this does not mean that they will not renounce the social form in which they acquired certain productive forces. On the contrary. In order not to be deprived of the achieved result, in order not to lose the fruits of civilization, people are forced to change all their inherited social forms the moment their mode of commerce no longer corresponds to the productive forces they have acquired"[85].

The relation between productive forces and production relations is, therefore, a relation of mutual dependence. Comrade Stalin emphasizes that productive forces are the determining element in the development of production: "What the productive forces are, such must be the production relations"[3]. On the other hand, the further development of productive forces is determined by production relations. "...New production relations," Comrade Stalin points out, "are that main and decisive force which actually determines the further, and at that powerful development of productive forces

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84 K. Marx, F. Engels, *Selected Letters*. Gospolitizdat, 1947, p. 23.

85 K. Marx, F. Engels, *Selected Letters*, p. 24.

and without which productive forces are doomed to stagnation..."[86].

Productive forces and production relations, therefore, interact. But the starting point in this interaction is changes in productive forces. This means that productive forces do not come into conformity with production relations, but, on the contrary, production relations come into conformity with the character of productive forces. And this is entirely understandable. One cannot change productive forces in accordance with production relations. If a certain system of production relations is given within which the further movement of productive forces can no longer fit, then bringing the latter "into conformity" with production relations means destroying productive forces.

When production relations come into conformity with the character of productive forces, in this case old production relations are destroyed, overthrown. In the course of destroying obsolete production relations, new production relations are affirmed, giving scope to the development of productive forces. Only under the condition when production relations come into conformity with the requirements of the development of productive forces does the forward movement of production become possible, and the entire process can begin anew and be reproduced on a new basis. Therefore, although productive forces and production relations mutually exert an influence on each other, the basis of this interaction, revolutionizing the entire process, is the growth of productive forces.

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[86] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 61.

Productive forces, being the most mobile and revolutionary element of production, reaching a certain level, outgrow the framework of existing production relations, which begin to cramp their development, and productive forces enter into a conflict with them. In the preface to "A Contribution to the Critique of Political Economy", Marx wrote: "At a certain stage of their development, the material productive forces of society come in conflict with the existing relations of production, or—what is but a legal expression for the same thing—with the property relations within which they have been at work hitherto. From forms of development of the productive forces these relations turn into their fetters. Then begins an epoch of social revolution"[87]. The historical purpose of social revolutions is to eliminate the conflict between new productive forces and obsolete production relations, to affirm new production relations and bring them into conformity with the development of productive forces.

As history shows, social revolutions in the end always ended in the victory of the advanced classes of society. This is precisely where the operation of the law manifests itself, by virtue of which production relations must inevitably be brought into conformity with the character of productive forces. Comrade Stalin in his work "On Dialectical and Historical Materialism" characterized the essence of this law with classical clarity. "Developing depending on the development of productive forces," writes Comrade Stalin, "production relations in their turn exert an influence on the development of productive forces, accelerating or retarding it. In this connection, it must

87 K. Marx, *A Contribution to the Critique of Political Economy*, p. 7.

be noted that production relations cannot lag too long behind the growth of productive forces and be in contradiction with them, since productive forces can develop to the full extent only if production relations correspond to the character, state of productive forces and give scope to the development of productive forces. Therefore, no matter how much production relations lag behind the development of productive forces, they must sooner or later come into—and indeed do come into—conformity with the level of development of productive forces, with the character of productive forces. Otherwise we would have a radical disruption of the unity of productive forces and production relations in the system of production, a disruption of production as a whole, a crisis of production, the destruction of productive forces"[88].

The law of mandatory conformity clears its path through the overcoming of contradiction between new productive forces and outdated production relations, which lawfully arises as a result of productive forces outstripping production relations in their development. Thus, the dialectics of the development of production relations is characterized, as Comrade Stalin points out, by the development "from the role of a brake on productive forces to the role of their main engine forward and from the role of the main engine to the role of a brake on productive forces..."[89].

Accordingly, antagonistic socio-economic formations—slave-owning, feudal, capitalist—know two main, succeeding phases of development: the phase of ascending and the phase of

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88 I. Stalin, *Problems of Leninism*, 1952, p. 592.

89 I. Stalin, *Economic Problems of Socialism in the USSR*, 1952, p. 62.

descending development. The ascending line of development took place when production relations fully or mainly corresponded to the character of productive forces; the descending line of development is determined by the development of contradiction between productive forces and production relations, by its ripening into a conflict between them. This conflict became the source of social crises and the demise of the obsolete system; by the operation of the law of mandatory conformity, the victories of the new system are determined.

Advanced classes and advanced social forces relied on the law of mandatory conformity in all historical epochs. The standard-bearer of using economic laws in the interests of society is, as Comrade Stalin points out, under a class society always and everywhere the advanced class. In the era of the bourgeois revolution, for example, in France the bourgeoisie used against feudalism the law of mandatory conformity of production relations to the character of productive forces[9]. Of course, the bourgeoisie and its ideologists were not aware that by their revolutionary actions they were realizing the requirements of the law of mandatory conformity of production relations to the character of productive forces, but they quite consciously directed their efforts toward replacing feudal relations with bourgeois relations. New production relations, spontaneously arising in the womb of the old system, only up to a certain period have a spontaneous character of development. A stage of maturity of new productive forces arrives when the conscious activity of new classes, their violent revolutionary actions become necessary for their further movement, when the

spontaneous process of development yields place to this conscious activity directed toward the revolutionary overthrow of old production relations and the affirmation of new ones. Prompted by their vital class interests, the bourgeoisie, overthrowing feudal production relations and creating bourgeois ones, relied on the requirements of the law of mandatory conformity of production relations to the character of productive forces, with which its interests coincided, and used this law.

Thus, the law of mandatory conformity of production relations to the character of productive forces is the leading law of historical progress.

On the law of mandatory conformity of production relations to the character of productive forces the Soviet power relied when creating socialist forms of economy. Were it not for this law, Comrade Stalin points out, and without relying on it, the Soviet power would not have been able to fulfill its task. The creation of socialist forms of economy in industry became possible and necessary because the productive forces of our country, especially in industry, had a social character, whereas the form of property was private, capitalist. This means that there was a contradiction between the character of productive forces and production relations, which it was necessary to eliminate in order to open the way for the law of mandatory conformity of production relations to the character of productive forces.

In 1917, in his famous article "The Impending Catastrophe and How to Combat It", Lenin wrote: "The imperialist war is the eve of the socialist revolution. And this is not only because the war with its horrors gives rise to the proletarian uprising—no

uprising will create socialism if it has not matured economically—but because state-monopoly capitalism is the fullest material preparation for socialism, is the threshold of it, is that rung on the historical ladder between which (rung) and the rung called socialism there are no intermediate rungs"[90].

The Menshevik-SR defenders of capitalism, trying to disarm the proletariat in its struggle for the socialist revolution, screamed that the Bolsheviks wanted to "introduce" socialism. Unmasking the enemies of the people and the revolution, V. I. Lenin pointed out that the Bolsheviks by no means intended to "introduce" socialism, that about the "introduction" of socialism could be babbled by people incapable of understanding what imperialism is, what capitalist monopolies are, what the state is, what revolutionary democracy is. "To stand still," Lenin wrote, "is impossible in history in general, during war in particular. One must go either forward or backward. To go forward in 20th-century Russia, which has conquered a republic and republican democracy by revolutionary means, is impossible without going to socialism, without taking steps toward it (steps conditioned and determined by the level of technique and culture: large-scale machine economy cannot be 'introduced' into peasant agriculture, it cannot be abolished in sugar production)"[91].

This is how Lenin substantiated the material necessity of socialism, the necessity of such "steps", of such activities that are directed toward the socialist revolution and conditioned by

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90 V. I. Lenin, *Works*, v. 25, p. 333.

91 V. I. Lenin, *Works*, v. 25, p. 333.

the incompatibility of the social character of production with private-capitalist appropriation.

This meant that the law of mandatory conformity of production relations to the character of productive forces was carving out its path. In Russia, as Comrade Stalin points out, there was found a social force in the form of the alliance of the working class and peasantry, which managed to overcome the resistance on the part of the old forces of society, and the economic law of mandatory conformity of production relations to the character of productive forces received full scope with us.

On this law the policy of the Communist Party also relied when creating socialist forms of economy in the countryside. Comrade Stalin points out: "No one can deny the colossal development of the productive forces of our agriculture over the past 20–25 years. But this development would not have taken place if we had not replaced the old capitalist production relations in the countryside in the thirties with new, collectivistic production relations. Without this production revolution, the productive forces of our agriculture would languish just as they languish now in capitalist countries"[92].

When after the victory of the Great October Socialist Revolution socialist production relations were established in industry, a broad scope was opened for the growth of productive forces. In an incredibly short period, our Motherland turned into a country of powerful industry, into a metal country. The growth of socialist industry, the successes of the socialist industrialization of the country created the

[92] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 62.

possibility and necessity of collective agriculture. The socialist industrialization of the country served as the key to the collectivization of agriculture. Taking into account the growing need of the peasantry for new equipment, for new technology, taking into account the hopeless position of the peasantry under the old forms of land cultivation, the Soviet power organized assistance to the peasantry in the form of rental stations, tractor columns, machine-tractor stations. This growth of production capabilities in agriculture encountered an obstacle in the person of individual small-commodity farming. And on the development of agriculture depended also the development of industry. All this meant that the productive forces of the country had come into contradiction with the bourgeois-individualistic system in the countryside. While large-scale, centralized, socialist industry developed on the principle of expanded reproduction, annually grew in its volume, had its accumulations and moved forward at accelerated paces, small-peasant farming not only did not carry out expanded reproduction in its mass annually, but even very rarely had the opportunity to carry out simple reproduction.

Uncovering this contradiction, Comrade Stalin pointed out that it is impossible for a more or less long period of time to base the Soviet power and socialist construction on two different bases—on the basis of the largest and consolidated socialist industry and on the basis of the most fragmented and backward small-commodity peasant economy. The existence of the individual-peasant system in the countryside became a brake on the further development of productive forces and threatened to wreck the entire national economy. Production relations had

to be brought into conformity with the growth of productive forces.

Thus, the brilliant Leninist-Stalinist plan for the collectivization of agriculture was the scientific expression of objectively given economic processes and regularities. The great creative force of this plan consisted in discovering the only correct path along which the policy of the Communist Party and the Soviet state had to go in order that the law of mandatory conformity of production relations to the character of productive forces could receive full scope. The victory of socialist production relations, of the collective farm system in the countryside indeed led to a huge upsurge of the productive forces of agriculture, opened scope for the further growth of productive forces in the entire national economy. The victory of socialism in the countryside meant the establishment of socialist production relations in the entire national economy of the country, bringing them into conformity with the character of productive forces.

Over thirty-five years of Soviet power, the national economy of our country achieved such progress for which capitalist countries required centuries. If the USSR over the years of Soviet power increased its industrial production 39 times, then, for example, England needed 162 years (from 1790 to 1951) to increase industrial production by the same amount.

The productive forces of our country are developing by "giant strides" because our production relations fully correspond to the state of productive forces. But one cannot, Comrade Stalin points out, understand the words "full conformity" in an absolute sense—in the sense as if under socialism there exists

no lagging whatsoever of production relations behind the growth of productive forces, no contradiction whatsoever exists between production relations and productive forces: "Of course, our present production relations are experiencing that period when, fully corresponding to the growth of productive forces, they move them forward by giant strides. But it would be wrong to become complacent about this and think that there are no contradictions whatsoever between our productive forces and production relations. Contradictions certainly exist and will exist, insofar as the development of production relations lags and will lag behind the development of productive forces"[93].

A significant part of economists and philosophers mistakenly interpreted the well-known thesis on the full conformity in our country of production relations to the character of productive forces in the sense of the allegedly impossibility of any contradiction between them. This incorrect view was also held by the author of this article, who asserted that in a socialist society there is no place for any contradictions whatsoever between productive forces and production relations. In such an incorrect explanation of the proposition on the full conformity in our country of production relations to the character of productive forces, the metaphysical understanding of the full conformity of production relations to the character of productive forces manifested itself; Comrade Stalin's indications that productive forces are always the most mobile and revolutionary element of production and outstrip production relations in their development were lost sight of.

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[93] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 67.

The denial of any contradictions between productive forces and production relations in practice led to the elimination of the whole question of the development of production relations under socialism, of the tasks of their adaptation to the growth of productive forces.

The economic basis of our system is constituted by the socialist system of economy and socialist property in the means of production, which were established as a result of the liquidation of the capitalist system of economy, the abolition of private property in the means of production, and the destruction of the exploitation of man by man. Socialist property in the USSR exists in two forms: in the form of state property and in the form of collective farm-cooperative property. As stated in the Constitution of the USSR, "land, its mineral wealth, waters, forests, plants, factories, mines, rail, water and air transport, banks, means of communication, large agricultural enterprises organized by the state (state farms, machine-tractor stations, etc.), as well as municipal enterprises and the basic housing stock in cities and industrial localities, are state property, that is, public property... Public enterprises in collective farms and cooperative organizations with their livestock and dead inventory, products produced by collective farms and cooperative organizations, as well as their public buildings, constitute the public, socialist property of collective farms and cooperative organizations."

Comrade Stalin, speaking of the full conformity in the socialist national economy of the USSR of production relations to the character of productive forces, points out that this full conformity consists in the fact that the social character of

production is underpinned by public property in the means of production. Our present production relations, fully corresponding to the growth of productive forces, give scope to their rapid development. But productive forces, powerfully developing under the influence of socialist production relations, require the further improvement of the system of production relations.

Comrade Stalin in his work "Economic Problems of Socialism in the USSR" brilliantly charted the paths for the further adaptation of production relations to the growth of productive forces.

Comrade Stalin deeply uncovered the essence of the lagging of production relations behind the growth of productive forces in our conditions, pointing to those phenomena that are already now beginning to hinder the powerful development of our productive forces. These primarily include such economic phenomena as group, collective farm property, commodity circulation. The difference between the two forms of property —state and collective farm-cooperative—consists, as Comrade Stalin showed, not in the ownership of basic means of production. The land on which the collective farm works, the basic instruments of production used in agriculture, constitute property not of the collective farm, but of the entire people. The property possessed by the collective farm and which it can dispose of at its discretion is the product of collective farm production. A significant part of this collective farm production products is alienated to the market, being included in the system of commodity circulation.

These phenomena belong to production relations, constitute an integral part of them, as definite forms of exchange of social activity. These phenomena in the sphere of production relations create obstacles for the comprehensive coverage of the entire national economy by state planning, especially agriculture, and are already now beginning to hinder the further growth of the productive forces of our country. "There can be no doubt," Comrade Stalin points out, "that the further things go, the more these phenomena will hinder the further growth of the productive forces of our country"[94].

As Comrade Stalin points out, the task consists in eliminating the contradictions between production relations and the growth of productive forces "by the gradual conversion of collective farm property into public property and the introduction of product-exchange also in an order of gradualness instead of commodity circulation"[95].

The solution of this task is entirely feasible, since it meets the requirement of the law of mandatory conformity of production relations to the character of productive forces. And this indicates that just as when creating socialist forms of economy the Soviet power relied on the law of mandatory conformity of production relations to the character of productive forces, so now it relies on this same law when preparing the conditions for the transition to communism.

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94 I. Stalin, *Economic Problems of Socialism in the USSR*, p. 68.

95 *Ibid.*, p. 68.

Bringing production relations into conformity with the growth of productive forces takes place under socialism in a form fundamentally different from those forms in which it proceeded throughout all previous history.

It was already noted above that in antagonistic societies contradictions between productive forces and production relations developed into a conflict and became the basis for descending movement and the cause of social revolutions. In a socialist society, economic development, despite the contradictions arising in the course of the development of productive forces between them and production relations, is not characterized by the replacement of the ascending line of development by a descending line. This is because there takes place here the timely liquidation of arising contradictions, the timely bringing of production relations into conformity with the character of productive forces, which ensures an uninterrupted line of upswing in the development of the national economy. Such a possibility of the timely adaptation of lagging production relations to the growth of productive forces exists because in a socialist society, consisting of friendly classes and social groups, there are no such social forces that would be interested in conserving lagging production relations. For this same reason, the arising contradiction between the growth of productive forces and production relations lagging behind it does not turn into an opposite, does not pass into a conflict between them.

Comrade Stalin points out that the use of the law of mandatory conformity of production relations to the character of productive forces, like other economic laws, always and

everywhere under a class society has a class background. It affects the class interests of the obsolete forces of society, in view of which it encounters the strongest resistance on the part of these forces. In all antagonistic societies, the economic law of mandatory conformity of production relations to the character of productive forces always cleared its path through conflicts, through violent upheavals, by means of the revolutionary actions of advanced classes that overthrew old production relations and their representatives.

Under socialism there are no obsolete classes that could organize resistance to the cause of overcoming the contradiction between production relations and productive forces. Of course, this does not mean that no struggle between the new and the old lies ahead here, that everyone will unanimously understand the necessity of those measures that are designed to give scope to the further growth of productive forces. "Of course," Comrade Stalin points out, "even under socialism there will be lagging and inert forces that do not understand the necessity of changes in production relations, but they, of course, will not be difficult to overcome without bringing the matter to a conflict"[96].

It is precisely in this sense that one should understand the words about the "full conformity" of production relations to the character of productive forces under socialism. They should be understood so, Comrade Stalin teaches, that under socialism society has the opportunity to timely bring lagging production

[96] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 51.

relations into conformity with the character of productive forces, without bringing the matter to a conflict between them.

Marx wrote in "The Poverty of Philosophy" that under socialism "social evolutions will cease to be political revolutions"[97]. This means such a development of the socialist mode of production in which the adaptation of production relations to the growth of productive forces is accomplished without conflicts and without social upheavals. But this way of bringing production relations into conformity with the growth of productive forces, which is proper only to socialism, is not accomplished by itself. Its realization presupposes the skillful implementation of the party's policy. "With the correct policy of the guiding organs," Comrade Stalin points out, "these contradictions cannot turn into an opposite, and the matter cannot reach a conflict here between production relations and the productive forces of society"[98].

The absence within Soviet society of obsolete classes that could organize resistance gives only the possibility of the timely adaptation of lagging production relations to the growth of productive forces without the matter reaching a conflict. But possibility, Comrade Stalin teaches, is not yet reality. The point is also to be able to use and realize the existing possibility. Comrade Stalin teaches the party that "it is necessary to strictly distinguish between the possibilities existing in our system and the use of these possibilities, the conversion of these possibilities into reality"[99], that it is fully permissible for cases

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97 K. Marx and F. Engels, *Works*, v. V, p. 416.

98 I. Stalin, *Economic Problems of Socialism in the USSR*, p. 67.

99 I. V. Stalin, *Works*, v. 12, p. 341.

to exist when possibilities for victory exist and the party does not see them or does not know how to use them correctly, and then instead of victory defeat may result. And for the conversion of possibility into reality, a number of conditions are required, among which the party's line plays a great role, and the correct implementation of this line in life is of enormous significance.

When the party of Lenin and Stalin raised and organized the working people for the struggle to build socialism in our country, it relied on the objectively given possibility conditioned by economic laws. But over a definite period of time, alongside the possibility of building socialism in our country, there existed the danger of the restoration of capitalism by the internal forces of the country. In order to prevent this danger and turn the possibility of building socialism in our country into reality, it was precisely required first of all to bury the opportunistic theory of letting things drift and clear the way for the implementation of the party's general line.

The successes of our further movement forward will depend on the correct implementation of our party's policy, on the skillful translation into life of the program of action brilliantly charted by Comrade Stalin in his indications on the three main preliminary conditions for preparing the transition to communism.

Comrade Stalin, having substantiated the operation of the law of mandatory conformity of production relations to the character of productive forces under socialism, having discovered the specific economic laws underlying the

development of socialist society, gave the Soviet people, all peoples building socialism, a great spiritual weapon inspiring them with new strength for the struggle for the victory of communism.

With his work "Economic Problems of Socialism in the USSR", Comrade Stalin also armed the communist parties of capitalist countries fighting for the liberation of the working class and all working people from the yoke of capital. In "Economic Problems of Socialism in the USSR", Comrade Stalin formulated the basic economic law of modern capitalism discovered by him, the operations of which lead to the intensification and explosion of all contradictions of capitalist society, and substantiated the proposition that in capitalist countries the economic law of mandatory conformity of production relations to the character of productive forces has long been carving its way. Throughout the entire capitalist system, production relations have long since become fetters for the development of productive forces and have entered into a conflict with them. All contradictions and conflicts of modern capitalism are expressions of the fundamental contradiction to which they ultimately reduce—the contradiction between productive forces and production relations.

Already in 1921, Comrade Stalin pointed out: "From an economic point of view, the present conflicts and military clashes of capitalist groups among themselves, as well as the struggle of the proletariat against the capitalist class, have as their basis the conflict of present productive forces with the national-imperialist frameworks of their development and with capitalist forms of appropriation. Imperialist frameworks and

the capitalist form strangle, do not allow productive forces to develop"[100].

That capitalist production relations are a brake on the development of productive forces is clearly seen when comparing two lines of development characterizing the general picture of the world economic situation at present. Com. G. M. Malenkov in the report to the XIX Congress of the Party characterized these two lines of development in the following manner.

One line is the line of continuous upswing of the peaceful economy in the Soviet Union and in the countries of people's democracy, an economy that knows no crises and develops in the interests of ensuring the maximum satisfaction of the material and cultural needs of society.

Another line is the line of the economy of capitalism, struggling in the vise of the ever-deepening general crisis of capitalism and constantly recurring economic crises, the line of militarization of the economy and one-sided development of branches of production working for war, the line of competitive struggle between countries, of the enslavement of some countries by others.

In the countries of the democratic camp, productive forces are steadily growing at rapid paces. As for capitalist countries, over recent decades industrial production in them rose somewhat only in connection with the preparation and waging of wars. During the period of the First World War, especially

[100] I. V. Stalin, *Works*, v. 5, pp. 109–110.

as a result of the falling away of the Soviet Union from the capitalist system, the general crisis of the world capitalist system began; during the period of the Second World War, especially after the falling away of the people's democratic countries in Europe and Asia from the capitalist system, the second stage of the general crisis unfolded.

By virtue of the economic law of mandatory conformity of production relations to the character of productive forces, capitalist production relations, being a brake on the development of productive forces, are doomed to inevitable destruction.

Comrade Stalin's proposition that the economic law of mandatory conformity of production relations to the character of productive forces has long been cutting its way in capitalist countries and must of necessity come out into the open is a death sentence to the capitalist system. This proposition deals a crushing blow to the economic and sociological theories of ideologists and propagandists of the imperialist bourgeoisie who strive to represent the general crisis of the world capitalist system as a temporary phenomenon, and this system itself as "eternal" and "all-powerful", praising in particular North American capitalism and singing victory songs in honor of the dollar. Capitalist production relations will inevitably have to give way to socialist production relations. This unfailingly follows from the law of mandatory conformity of production relations to the character of productive forces.

The use of this law in the interests of society is hindered by the reactionary camp of imperialism. What is needed, Comrade Stalin points out, is a force, a social force capable of

overcoming the resistance of the obsolete forces of society. "Such a force was found in our country in the form of the alliance of the working class and peasantry, representing the overwhelming majority of society. Such a force has not yet been found in other, capitalist countries"[101].

In his historical speech at the XIX Congress of the Communist Party of the Soviet Union, Comrade Stalin charted the militant program of struggle of the communist and workers' parties that have not yet come to power for the triumph of democracy and socialism, and uncovered the prospects of the victory of fraternal parties in the countries of capital domination, the victory of the working class and all working people in these countries.

Relying on the richest historical experience of the Communist Party of the Soviet Union, guided by Comrade Stalin's brilliant work "Economic Problems of Socialism in the USSR" and his speech at the XIX Congress of the Party, fraternal communist parties will overcome difficulties on their path in the struggle for democratic freedoms, for national independence, for socialism, and will lead the peoples of their countries to victory.

In "Economic Problems of Socialism in the USSR" the material, objective conditions of the creative activity of the Soviet people, those economic laws on which this activity relies, are uncovered. In this work, the objective laws upon which the communist parties in capitalist countries fighting for the freedom of the working people, for the victory of

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[101] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 8.

democracy and socialism can rely and do rely are also uncovered.

The brilliant leader of the working people, the great Stalin, armed the popular masses with knowledge of the conditions and means of victorious movement toward their cherished goal —toward the triumph of communism, and armed them with unshakable confidence in victory.

Questions of Philosophy, No. 2, 1953.

M. NESTEROV, Y. KOTKOVSKY

ON THE DISINTEGRATION OF THE UNIFIED WORLD MARKET

In his new classical work, "Economic Problems of Socialism in the USSR," Comrade Stalin, along with the brilliant definition of the scientific foundations for the development of the socialist economy, also comprehensively investigated the regularities determining the exacerbation of the internal contradictions of contemporary capitalism and the deepening of the general crisis of the world capitalist system. I. V. Stalin showed that the disintegration of the single, all-embracing world market, which occurred as a result of the Second World War, predetermined a further deepening of the general crisis of the world system of capitalism. Comrade Stalin's profound theoretical elaboration of the question of the split of the single world market and the associated deepening of the general crisis of capitalism constitutes a major contribution to Marxist-Leninist political economy, advancing far ahead the revolutionary doctrine of imperialism and the general crisis of the world capitalist system.

Comrade Stalin teaches that "the most important economic result of the Second World War and its economic consequences must be considered to be the disintegration of the single, all-embracing world market. This circumstance determined the further deepening of the general crisis of the world capitalist system"[102]. At the core of the general crisis of world capitalism, which is a comprehensive crisis of the world system of capitalism embracing both economics and politics, lies, as I. V. Stalin points out, the ever-increasing decomposition of the world economic system of capitalism, on

[102] I. Stalin, Economic Problems of Socialism in the USSR. Gospolitizdat, 1952, p. 30.

the one hand, and the growing economic might of the countries that have broken away from capitalism—the USSR, China, and other people's-democratic countries—on the other hand.

The general crisis of the world capitalist system began during the period of the First World War, particularly as a result of the Soviet Union breaking away from the capitalist system. This was, Comrade Stalin points out, the first stage of the general crisis. As a result of the victory of the Great October Socialist Revolution in Russia, capitalism ceased to be the sole and all-embracing system of world economy: alongside the capitalist system of economy, the socialist system emerged, which by the very fact of its existence, consolidation, and flourishing demonstrates the rottenness of capitalism and undermines its foundations. During the period of the Second World War, especially after the people's-democratic countries in Europe and Asia broke away from the capitalist system, the second stage of the general crisis of the world capitalist system unfolded. China and other people's-democratic countries in Europe formed, together with the Soviet Union, a single and powerful socialist camp opposing the camp of capitalism. "The economic result of the existence of two opposing camps was that the single, all-embracing world market disintegrated, with the result that we now have two parallel world markets, likewise confronting one another"[103].

The question of the disintegration of the single, all-embracing world market and the formation of two parallel world markets developing in opposite directions, according to the two fundamentally different basic economic laws of contemporary capitalism and socialism, is directly connected with the question of the split of the single world economy. With exceptional force of scientific foresight, Comrade Stalin pointed out at the end of 1924 that alongside the focal points of

[103] Ibid., pp. 30-31.

imperialism in individual capitalist countries and the system of these countries throughout the entire world, focal points of socialism in individual countries and a system of these focal points throughout the entire world would be created. This brilliant foresight has come completely true. The Soviet Union, with its first-class, highly developed industry and advanced agriculture, served as that country which acted as "a focal point for the attraction of all other countries that are gradually breaking away from capitalism and flowing into the channel of the socialist economy"[104]. At present, alongside the existence of the world system of capitalist economy, the formation and consolidation of a new world system of socialist economy is taking place. The future belongs to this progressive system.

The Narrowing of the World Capitalist Market

The formation of the world capitalist market was the historical precondition and direct result of the development of capitalist production, foreign trade, and the international division of labor. K. Marx and F. Engels pointed out: "Large-scale industry created the world market, which the discovery of America prepared. The world market has given an immense development to commerce, to navigation, to communication by land"[105].

V. I. Lenin defines the market as a category of commodity economy which in its development transforms into capitalist economy and only under the latter acquires complete dominance and universal prevalence. The development of commodity production has at its basis the growth of the social division of labor, and "the market is nothing other than an

[104] I. V. Stalin, Works, vol. 7, p. 299.

[105] K. Marx and F. Engels, Manifesto of the Communist Party. Gospolitizdat, 1951, p. 34.

expression of this division of labor and commodity production"[106].

Capitalist production—the highest form of commodity production—is unthinkable without foreign trade. "...It is impossible to imagine a capitalist nation without foreign trade, and indeed no such nation exists"[107]. The development of foreign trade was conditioned by the necessity of external markets for capitalist production. V. I. Lenin proved that the necessity of an external market for a capitalist country is determined, firstly, by the fact that capitalism appears only as the result of widely developed commodity circulation, which goes beyond the boundaries of the state; secondly, by the fact that various branches of industry serving as a "market" for one another develop unevenly rather than keeping pace with each other, and the more developed industry seeks an external market; thirdly, by the fact that a capitalist enterprise, owing to the boundless growth of production characteristic of capitalism, inevitably outgrows the boundaries of the commune, the local market, the region, and then the state.

Foreign trade is one of the important conditions of capitalist production; it contributes to its development, expands the base for its expansion, and serves as an instrument of the capitalists' struggle to increase the mass and rate of profit. The process of reproduction, as a process of the constant renewal of production of material goods and production relations, includes as an integral part the process of realization. However, when examining the question of the market, one cannot be limited merely to the sphere of circulation. Production, distribution, exchange, and consumption, Marx wrote, form parts of a whole, differences within a unity[108].

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[106] V. I. Lenin, Works, vol. 1, p. 92.

[107] V. I. Lenin, Works, vol. 3, p. 43.

The development of capitalism, which led to the formation of the single world capitalist market as a totality of interconnected internal markets of all capitalist countries, was accompanied by the smashing of the narrow boundaries of individual national economies. Ever new countries were drawn into world capitalist commodity turnover. This process reached its completion with the transition of capitalism to the imperialist stage, when capitalism transformed into a worldwide system of financial enslavement and colonial oppression of the gigantic majority of the earth's population by a handful of "advanced" countries, which "transformed individual national economies and national territories into links of a single chain called world economy..."[109].

The transformation of free-competition capitalism into monopolistic capitalism—into rotting, parasitic, and dying capitalism—substantially changed the economic conditions of capitalist development. The driving force of contemporary monopolistic capitalism, as Comrade Stalin teaches, is not average profit, which is the lower limit of profitability below which capitalist production becomes impossible, and not superprofit, which as a rule represents merely a certain excess over average profit, but maximum profit; maximum profit is necessary for monopolistic capitalism in order to carry out expanded reproduction more or less regularly.

The development of the world capitalist market is determined by the operations of the basic economic law of contemporary capitalism, discovered by Comrade Stalin. Conditioned by the monopolies' unbridled pursuit of maximum profit, the growth of capitalist production constantly runs up against the limitation of effective demand, which is a consequence of the intensified impoverishment of the working masses. The relative

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[108] See K. Marx and F. Engels, Works, vol. XII, part I, p. 189.

[109] I. V. Stalin, Works, vol. 6, p. 94.

contraction of the population's purchasing power and the exacerbation of the contradiction between production possibilities and the narrow boundaries of effective demand are the inevitable result of the operation of the basic economic law of contemporary capitalism.

Foreign trade, which in the hands of monopolies is one of the instruments for extracting the highest profits, is an essential factor deepening the contradictions of capitalism. These contradictions develop on the world capitalist market, on the scale of the capitalist system of world economy, extremely strongly and catastrophically, in the manner of a mortal struggle of various financial groups and imperialist powers for supremacy on the market, for sources of raw materials, spheres of capital investment, territories, and the expansion of spheres of influence.

The Soviet Union's breaking away from the capitalist system struck the first breach in the worldwide system of capitalist economy, laying the foundation for its decomposition. The closure of the immense Soviet market to the sway of the imperialists was a most important cause of the weakening of the world economic system of capitalism. The withdrawal from the capitalist system of the Soviet Union with its immense markets and immense sources of raw materials deepened the disruption of capitalist reproduction. "To lose one-sixth of the world, to lose the markets and sources of raw materials of our country," I. V. Stalin pointed out in 1925, "means for capitalist Europe to contract its production, to shake it up fundamentally"[110].

Capitalism managed after the First World War to achieve a temporary, partial, unstable, and rotten stabilization and some growth in production at the expense of a sharp intensification of the exploitation of the working masses. This extremely

[110] I. V. Stalin, Works, vol. 7, p. 287.

exacerbated the contradiction "between the colossal growth of the production possibilities of capitalism, calculated on obtaining the maximum of capitalist profit, and the relative contraction of effective demand on the part of millions of working masses, whose living standard the capitalists constantly try to keep within the limits of an extreme minimum"[111].

The basis of the growing irreconcilable contradictions of capitalism in the period between the First and Second World Wars was the fact that the number of contenders for sales markets grew, production possibilities grew, supply grew, while the dimensions of markets and boundaries of spheres of influence remained more or less stable during that period. Comrade Stalin pointed out in 1927: "This contradiction between the growth of production possibilities and the relative stability of markets has formed the basis of the fact that the problem of markets is now the fundamental problem of capitalism. The exacerbation of the problem of sales markets in general, the exacerbation of the problem of external markets in particular, the exacerbation of the problem of markets for the export of capital in particular—such is the present state of capitalism"[112].

The development of the world capitalist market was closely linked with the development of the foreign trade of capitalist countries. In the period of the general crisis of the world capitalist system, the turbulent growth of the foreign trade of capitalist countries, which took place in the epoch of industrial capitalism and in the period of imperialism before the beginning of the general crisis, ceased. The extreme instability of the development of international capitalist trade, the

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[111] I. V. Stalin, Works, vol. 12, pp. 243–244.

[112] I. V. Stalin, Works, vol. 10, p. 275.

tendency toward its ever-increasing disruption and decline, clearly manifested themselves.

(Chart: Development of Foreign Trade of Capitalist Countries (in constant prices))

[Chart displays values: 1839 - 100 (559%); 1876 - 100 (340%); 1913 - 100 (123%), spanning years 1840 to 1950]

In the period of the general crisis of capitalism, under conditions of the decomposition of the world economic system of capitalism, when the absolute contraction of the sphere of capitalist exploitation and the narrowing of the capitalist market are taking place, the trade of capitalist countries has effectively begun to mark time. Unstable pre-crisis or military-inflationary upswings are followed by a deep slump in trade or a rupture of trade ties, bearing witness to the extreme instability and weakness of the world system of capitalist economy. This is clearly visible from the diagram given above...

The diagram shows the development of the foreign trade of capitalist countries in the period of the general crisis of capitalism. For comparison with the earlier epoch, the development of world trade is also shown for two equal preceding periods: 1839–1876 (in the epoch of free-competition capitalism) and 1876–1913 (the years of transition from free-competition capitalism to monopolistic capitalism and subsequent years of development of imperialism before the First World War).

Although the world trade of capitalist countries in physical volume in 1950 exceeded the volume of 1839 by 25 times, nevertheless, as seen from the diagram, its growth rates are steadily falling. Over equal segments of time, it increased respectively 5.6, 3.4, and 1.2 times.

Capitalism became cramped within the framework of existing markets and spheres of influence; the underload of plants and factories became a common phenomenon. Under conditions of

the general crisis of the world capitalist system in the main capitalist countries, not only did the process of expanded reproduction begin to decelerate, but a tendency toward a narrowing of the base of cyclical production growth also began to manifest itself. Economic crises of overproduction became more frequent, deep, and destructive, particularly disastrous for the broad masses of working people.

In the USA—the main capitalist country—industrial production during the world economic crisis of 1929–1933 dropped overall by 46%. The crisis turned into a depression of a special kind, which did not lead American industry to a new upswing and flourishing. After the depression, some revitalization of industry began, but this revitalization was cut short in the second half of 1937 by a new crisis. The drop in US industrial production in the 1937–1938 crisis began from a level that was 8% lower than the highest level achieved in the preceding cycle, in 1929. During the first year of this crisis, interrupted by the Second World War and its preparation, production in the USA dropped by 22%, i.e., more than during the first year of the 1929–1933 crisis, when it dropped by 15%. Consequently, in the USA the 1929–1937 cycle had no upswing phase, the maximum level of production achieved in this cycle was lower than the maximum of the preceding cycle (1921–1929), and the drop in production in the first year of the 1937–1938 crisis was deeper than during the first year of the 1929–1933 crisis[113].

The Second World War not only failed to eliminate the economic and political contradictions of capitalism, but, on the contrary, exacerbated them still further. The war shook the economy of capitalist countries and deepened the general crisis

[113] [Note: The original text breaks off numbering here in the paragraph, continuing directly into text without footnote citation].

of the world capitalist system. Each of the two capitalist coalitions that confronted each other during the war expected to defeat the adversary, redivide the world anew, seize new sources of raw materials, expand sales markets, and achieve world domination.

However, the war did not justify the hopes of the imperialist bourgeoisie. Although Germany and Japan were put out of action as competitors of the three main capitalist countries—the USA, England, and France—alongside this, a direct result of the war was a further sharp narrowing of the sphere of capitalist yoke and exploitation, the sphere of capitalist economy. China and the people's-democratic countries of Europe broke away from the capitalist system; on the international arena, two opposing camps formed—the peace-loving, democratic camp headed by the USSR and the aggressive, imperialist camp under the aegis of the USA; the single, all-embracing world market disintegrated, and two parallel world markets were created.

The disintegration of the single world market predetermined the contraction of the sphere of application of the main capitalist countries' forces (USA, England, France) to world resources, the deterioration for these countries of the conditions of the world sales market, and the increase in enterprise underload in these countries. Emphasizing this, Comrade Stalin points out: "In this, strictly speaking, consists the deepening of the general crisis of the world capitalist system in connection with the disintegration of the world market"[114].

The disintegration of the single, all-embracing world market intensified the decay of capitalism, still further undermining the economy of capitalist countries. The fundamental contradiction of capitalism—between the social character of production and the capitalist form of appropriation of the

[114] I. Stalin, Economic Problems of Socialism in the USSR, pp. 31–32.

results of production—in the main capitalist countries, with the loss of the vast world market of the democratic camp, reached such an acuteness that these countries lost any prospect of economic upswing based on the operation of the internal economic forces of capitalism. "It is obvious," Comrade Stalin teaches, "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 contract, the cyclical character of the development of capitalism—growth and contraction of production—must nevertheless remain. However, the growth of production in these countries will take place on a narrowed basis, for the volume of production in these countries will contract"[115].

Comrade Stalin notes that the USA, England, and France themselves contributed, of course against their will, to the formation and consolidation of the new parallel world market. They subjected the USSR, China, and the European people's-democratic countries to an economic blockade, thinking thereby to strangle them. In reality, however, what resulted was not strangulation, but the consolidation of the new world democratic market. Thereby the imperialists dealt a serious blow to their own export and still further intensified the contradiction between the production possibilities of their industry and the possibilities for marketing its products.

All this means that the relative stability of markets that existed before the Second World War, i.e., at the first stage of the general crisis of the world capitalist system, has come to an end. Comrade Stalin points out that in view of the new conditions arising in connection with the Second World War, the thesis concerning the relative stability of markets must be considered to have lost its validity. At the second stage of the general crisis of the world capitalist system, a narrowing of

[115] Ibid., p. 56.

capitalist markets is taking place. Thus, in the capitalist economy after the Second World War "even deeper contradictions have arisen, while the world system of capitalist economy as a whole has become considerably narrower and weaker and still more unstable than it was before the war"[116]. Capitalists, realizing the presence of serious economic difficulties deepened as a result of the loss for them of such markets as the USSR and China, try to override these difficulties with the "Marshall Plan," the war in Korea, the arms race, and the militarization of industry. But this is very similar to what happens, Comrade Stalin emphasizes, when drowning men catch at a straw. These measures made it possible to somewhat raise the level of industrial production; they temporarily delayed the manifestation on the surface of the tendency toward a contraction in the volume of production developing in the bowels of capitalism. However, acting with mounting force, this tendency will make itself felt more and more strongly.

Already three years after the end of the war, in 1948, despite such an artificial factor as the economic militarization and military-inflationary conjuncture, a new economic crisis began to develop in the USA. Over the course of a year—from October 1948 to October 1949—US industrial production declined by 22%, i.e., more than during the first year of the deepest and most destructive economic crisis of 1929–1933. American imperialists, striving to halt the drop in production, transferred the US economy onto a war footing. The militarization of the American economy reached particularly large scales after the ruling circles of the USA unleashed an aggressive war in Korea.

The US government is allocating immense funds for the

[116] G. Malenkov, Report to the 19th Congress of the Party on the Work of the Central Committee of the CPSU(b). Gospolitizdat, 1952, p. 14.

purchase of armaments, munitions, military materials, and equipment from major military-industrial trusts. The scale of military production in the USA can be judged by the fact that at the end of 1952 up to half and more of all steel, copper, and aluminum was used for military needs. It is not surprising that the production of this as well as other products having military significance in USA increased in recent years.

However, the military-inflationary conjuncture cannot serve as the basis for a prolonged general upswing in production. Growth of production in the USA halted, and then its decline began.

Military-inflationary factors, leading to a temporary revitalization of the conjuncture, generated a one-sided, military development of industry. An ever-larger part of finished goods and raw materials is absorbed by unproductive military consumption or is frozen in the form of huge strategic reserves. Simultaneously, civilian industry is contracting to such a significant extent that even the rapid growth of military production is unable to override this contraction, as a result of which the general industrial production index ceases to increase and displays a tendency toward decline. Even data from American official statistics show that in 1952 the level of US industrial production declined compared to 1951.

The militarization of the national economy of the USA and other capitalist countries sharply intensifies the disproportion characteristic of capitalism between various branches of industry, as well as between industry and agriculture; it increases chronic enterprise underload, especially in civilian branches of industry.

In the USA, textile industry enterprises in the second quarter of 1952 were loaded to only 30-50% of their capacity, and the production capacities of the entire US manufacturing industry

in 1952—to no more than 35%[117]. In Italy, up to 60-70% of civilian engineering capacities were idle, etc.

The rabid arms race conducted in the countries of the imperialist camp under pressure from the USA daily intensifies the difficulties and contradictions tearing apart the capitalist economy. It leads to the continuous increase of taxes and the expansion of the inflationary emission of paper money, to rising prices and the depreciation of currencies. The budgets of capitalist countries, which have essentially turned into military budgets, are a means of robbing peoples by billionaires.

In the USA, direct military expenditures alone in the 1952/53 budget year exceed 13% of the country's entire national income compared to 1.5% in 1937/38, while direct taxes on the population, even taking into account currency depreciation, increased over the same period by more than 12 times. Simultaneously in the USA in 1952 the retail price of bread increased compared to the end of 1947 by 28%, of meat—by 26%, etc. In 1952/53 the military expenditures of Western European countries belonging to the aggressive North Atlantic bloc are increasing to nearly 16 billion dollars.

The growth of prices, direct and indirect taxes with the simultaneous "freezing" of wages carried out by capitalists with the support of right-wing socialists and reactionary trade union leaders, results in a large drop in workers' real wages. In France and Italy in 1952, workers' real wages constituted less than half of pre-war, and in England only 80% of pre-war. In the USA, according to data from the electrical workers' union, the cost of living increased compared to 1939 by almost 3 times.

In pursuit of maximum profit, capitalists intensify the exploitation of the working class by increasing the intensity of

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[117] Calculated from data of "Survey of Current Business", April, December 1952; "Handbook of Basic Economic Statistics".

labor. Applying the most refined, barbaric methods of the sweatshop system, monopolies achieve an increase in the rate of surplus value. The situation of working people also worsens as a result of the fact that, despite the growth of military production, an increase in the armies of unemployed is taking place in capitalist countries. In the USA, Japan, England, Italy, Belgium, and West Germany alone, the number of fully and partially unemployed totals approximately 32 million people. The militarization of the national economy of capitalist countries thus leads to a significant decrease in the population's purchasing power, to a decline in demand for the output of industry and agriculture, to an even greater deepening of the disproportion between production possibilities and the population's contracting effective demand, to the increasing contraction of the capacity of the internal markets of individual capitalist countries and of the entire capitalist market. The inflation of military production leads not to the "prosperity" of the economy, as venal bourgeois apologists mendaciously proclaim, but to the onset of a new deep and destructive crisis. The militarization of the capitalist economy also has as its consequence a contraction of the domestic and foreign trade of capitalist countries. In 1952, even judging by official data, in France the physical volume of retail trade in foodstuffs and mass-consumption manufactured goods was 15% lower than in 1930. In England, the physical volume of retail trade turnover per capita was lower in 1951 than in 1937.

The physical volume of exports of capitalist countries, despite a significant growth in armaments trade, was in 1951, recalculated per capita, 7% below the 1929 level. International capitalist trade in mass consumption goods for the population contracted particularly heavily.

(Table: Physical Volume of Exports of Capitalist Countries[118])
[Table showing growth/decline percentages across periods in 1950, 1951, 1952]

The contraction of the capacity of capitalist markets and the low level of trade of capitalist countries are to a significant degree aggravated by the fact that American imperialists have deprived the industry of the USA and other capitalist countries of such markets as the USSR, China, and the European people's-democratic countries. The USA not only reduced trade with the Soviet Union and the European people's-democratic countries to almost zero and ceased trade with China, but effectively prohibited other countries of the aggressive imperialist camp as well from selling and purchasing goods on the market of the democratic camp countries. As a result, the trade turnover of the USA with countries currently belonging to the democratic camp contracted in 1951 compared to 1937 by 10 times; England's trade turnover with these countries contracted by 6 times, and France's by more than 4 times. Having closed access to the world democratic market to themselves, the Western European countries were deprived of the opportunity to obtain significant quantities of raw materials and foodstuffs from there.

The clearly expressed tendency toward a decline in world capitalist trade testifies to the fact that the military-speculative boom in the foreign trade of capitalist countries in connection with the arms race is already outliving itself. The militarization of the economy leads to the further collapse of the world capitalist market, to a contraction of trade exchange, because even with a low level of production in civilian branches of industry, realization possibilities are steadily diminishing. Capitalist production relations have turned into the greatest brake on the development of productive forces. Attempts by

[118] Calculated from data of "Monthly Bulletin of Statistics"

capitalist monopolies to overcome insoluble economic difficulties and contradictions by putting the economy on a war footing have failed hopelessly.

The necessity of obtaining maximum profits pushes monopolistic capitalism not only toward intensifying the exploitation, impoverishment, and ruin of the majority of the population of a given country, not only toward organizing new wars, which are for the magnates of contemporary capitalism the best "business" for extracting maximum profits, but also toward such steps as the enslavement and systematic robbery of colonies and other backward countries, and the transformation of a number of independent countries into dependent ones. A most important instrument for carrying out these aggressive measures is the export of capital, though no small role in this belongs to capitalist trade as well.

Comrade Stalin points out that the development of capitalism, the development of the world market, the establishment of great maritime and railway routes, the export of capital, etc., still further intensified the tendency—which manifested itself as early as the last century—toward the internationalization of the modes of production and exchange, toward the destruction of national isolation, toward the economic rapprochement of nations and the gradual unification of gigantic territories into a single cohesive whole. As a result, the most diverse nations found themselves bound by ties of the international division of labor and comprehensive mutual dependence. However, as I. V. Stalin emphasizes, "the mutual dependence of nations and the economic unification of territories were established in the course of the development of capitalism not through the cooperation of nations as equal units, but by way of the subordination of some nations by others, by way of the oppression and exploitation of less developed nations by more developed ones. Colonial plunder and seizures, national oppression and inequality, imperialist arbitrariness and

violence, colonial slavery and national disfranchisement, and finally, the struggle of 'civilized' nations among themselves for domination over 'uncivilized' nations—such are the forms within which the process of the economic rapprochement of nations proceeded"[119].

In the period of the general crisis of capitalism, the circle of main countries exploiting the entire capitalist world has narrowed to the utmost degree.

The alignment of forces that has currently taken shape in the world capitalist system is characterized by the fact that the three main capitalist countries—the USA, England, and France—account for over 70% of the industrial production and 36% of the export of the entire capitalist world. The total population of these three countries does not even reach 16% of the entire population of capitalist countries. At the same time, colonial and dependent countries with a population of over 1 billion people, constituting two-thirds of the population of the entire capitalist part of the world, account for only 5% of industrial production and 38% of export.

Dominating the world capitalist market, major capitalist states by all means counteract the industrial development of backward, weakly developed countries, intensifying their shackling dependence and robbery. Enforcing backward colonial and dependent countries in the position of their agrarian-raw material appendages and sales markets for goods, they intensify the deformed character of the international division of labor on the capitalist market, which is clearly manifested in the structure of trade turnover of major capitalist countries, on the one hand, and countries dependent on them, on the other.

[119] I. V. Stalin, Works, vol. 5, pp. 181–182.

(Table: Structure of Foreign Trade of Imperialist and Dependent Countries (in %))[120]

[Table detailing specific shares of raw materials/foodstuffs vs finished industrial goods in imports/exports for USA, UK, Australia, Brazil]

Purchasing almost all raw materials supplied to the world capitalist market by colonial and dependent countries for a pittance, major capitalist states at the same time export various consumer goods to colonies and semi-colonies and, striving to retard the development of productive forces in these countries, deprive them of deliveries of machinery and industrial equipment.

Relations of oppression and exploitation prevailing on the world capitalist market find direct expression in unequal exchange, reproduced on an ever-expanding scale, as one of the sources for monopolies to obtain maximum profits. Colonial and dependent countries constantly pay three times as much for products purchased in major capitalist countries, and sell raw materials and foodstuffs to them for a song. This price ratio, ruinous for the peoples of colonies and dependent countries, is continuously worsening. Brazil, for instance, currently receives 37% fewer goods for its export than in 1925–1929. New Zealand had to export over 60 kg of meat in 1938 to import 100 sq. m of cotton fabrics from England, and already over 160 kg of meat in 1950[121].

Only by means of unequal exchange did US monopolies, according to far from complete calculations by progressive

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[120] "Quarterly Summary of Foreign Commerce of the United States", January–December 1951; "Accounts Relating to Trade and Navigation of the United Kingdom", January 1951; "Statistical Abstract for the Commonwealth", Seventy-first Number; "Anuário Estatístico do Brasil", Ano XII, 1951.

[121] Calculated from data of "Accounts Relating to Trade and Navigation of the United Kingdom", December 1948, December 1951.

American economist V. Perlo, receive an enormous profit in 1948 amounting to 3.7 billion dollars, which is almost equal to one-fifth of the entire US trade turnover in that same year. Tens of millions of people in colonies and dependent countries live under conditions of constant hunger, and a huge number of people have fallen victim to death by starvation.

The predatory exploitation of colonial and dependent countries by capitalist monopolies, the artificial retardation of the development of productive forces in them lead to a contraction of the population's purchasing power in these countries and a further narrowing of sales markets for industrial products, to a contraction of the capacity of the world capitalist market. "All this heavily drags down the economy of the capitalist world, intensifying the internal contradictions of the world capitalist system as a whole"[122].

The intensification of imperialist yoke in colonies exacerbates contradictions between colonies and metropoles, contributing to the rise of the national liberation struggle of oppressed peoples. The peoples of colonies and semi-colonies are offering ever-growing resistance to imperialist enslavers. This is evidenced by the ever-intensifying liberation struggle of the peoples of Vietnam, Burma, Malaya, the Philippines, Indonesia, the growth of national resistance in India, Iran, Egypt, and other countries. As a result of the new upswing in the national liberation struggle of the peoples of colonies and dependent countries, the disintegration of the colonial system of imperialism is effectively taking place. This limits the possibilities for monopolies to exploit the population and utilize the raw material resources of colonies.

The unbridled striving to obtain maximum profits is also the driving force of the struggle between major capitalist countries

[122] G. Malenkov, Report to the 19th Congress of the Party on the Work of the Central Committee of the CPSU(b), p. 19.

for sales markets, sources of raw materials, spheres of capital investment, new territories, and spheres of influence. The Second World War not only failed to eliminate imperialist contradictions, but, on the opposite, generated new sharp contradictions fraught with new conflicts and military clashes. The struggle between various imperialist countries and financial groups proceeds not only under conditions of a sharp narrowing of the world capitalist market, but also under conditions of its disintegration into separate closed economic blocs and zones (dollar, sterling, franc, etc.). Trade on the world capitalist market is conducted mainly within the framework of separate zones; it is strictly regulated by high customs tariffs, currency restrictions, licenses, export and import quotas, contingents, etc., which is conditioned by the extreme exacerbation of the problem of markets for capitalist countries.

At the present stage of the general crisis of capitalism, the development of foreign trade, as well as production, of some capitalist countries can proceed only by ousting other countries from markets, by contracting their foreign trade, and consequently, their production as well.

The main aggressive power, the largest country of the imperialist camp—the USA—strives to expand its production, to establish undivided supremacy on the world capitalist market. American imperialism currently acts not only as an international exploiter and enslaver of peoples, but also as a force disorganizing the economy of other capitalist countries. Having enriched itself unheard-of-ly on the war and consolidated its economic positions, using the temporary putting out of action of some of its competitors (Germany and Japan) and the weakening of others (England and France), the monopolistic capital of the USA seized a significant share of the world capitalist market. In 1947, the USA's share in the total export of capitalist countries constituted 33% against 13%

in 1937. American imperialism, destroying historically formed multilateral ties between capitalist countries and replacing them with unilateral ties of these countries with the USA, is waging a fierce struggle for markets, feverishly trying to find a way out of exacerbated economic difficulties and contradictions in forced export of goods.

American monopolies, widely utilizing the state apparatus subordinated to them and the financial resources of the bourgeois state, forcing their export through the most shameless dumping and simultaneously shielding their domestic market from the import of foreign goods with super-protectionist barriers, are increasingly disorganizing the world capitalist market. In pursuit of maximum profits, US monopolies strive to sell as many of their goods as possible to other countries and buy very little from them. In the post-war period, the USA sells goods to other countries on average about 70% more than it buys from them. The financing of exports at the expense of robbing the state treasury, i.e., at the expense of increasing taxes on working people, ensures the receipt of immense profits for American monopolies, but at the same time leads to a contraction of the country's domestic market and thereby complicates the marketing of US industrial and agricultural output. Simultaneously, the currency reserves of other capitalist countries are depleted, production contracts in them, and unemployment grows.

The economic absurdity of such a policy carried out by American monopolies is clearly visible from the example of US trade with European capitalist countries: the USA exports goods to these countries in an amount 4 times greater than it imports from them. As a result, the average annual foreign trade deficit of the Marshallized countries increased from 3,030 million dollars in 1933–1938 to 6,506 million dollars in 1946–1951, with their deficit in trade with the USA increasing respectively from 657 million dollars to 3,143 million dollars.

This doubling of the passive foreign trade balance of the Marshallized countries was the direct consequence of the imperialist expansion of American monopolies. If before the war the deficit in trade with the USA constituted on average about one-fifth, after the war it is already equal to nearly half of their entire foreign trade deficit. This perniciously affects the economy of European capitalist countries, leads to further disorganization and collapse of the international capitalist market, to the exacerbation of contradictions between countries of the bourgeois world.

The expansionist policy of American imperialism caused the exacerbation of contradictions between the USA and remaining capitalist states, and primarily the exacerbation of contradictions between the USA and England in the struggle for markets of countries of the British Empire and the sterling zone, countries of Latin America and Western Europe. To this should be added the presence of serious and constantly growing contradictions between the USA and France, the USA and Japan, the USA and Italy, the USA and West Germany. These contradictions are becoming exacerbated and will become still more exacerbated, as England, as well as France and other capitalist countries, will strive to break out of subordination to the United States in order to ensure an independent position and high profits for themselves. The share of these countries in world capitalist trade is growing. Already by mid-1952, compared to 1947, West Germany rose in export dimensions from 26th place in the capitalist world to 5th, and Japan from 35th place to 14th.

US monopolies, pressed by their competitors, are losing part of their positions on the world capitalist market. The USA's share in the total export of capitalist countries declined from one-third in 1947 to one-fifth in 1951–1952. At the same time, on the markets of individual countries, American monopolists continue to press their European capitalist rivals. In 1951, US

exports to Western European countries (excluding England) exceeded the 1937 level by more than 3.5 times, whereas England's exports over the same period exceeded the pre-war level by 2 times.
The USA heavily crowded its English competitors on Latin American markets. It intensified expansion into Middle Eastern countries as well, increasing the export of goods to these countries in 1951 by 11 times compared to 1937; however, despite the fact that England increased its export to this region over the same time by 3.5 times, the United States still failed to surpass England in absolute export dimensions to these countries.
West Germany and Japan are again beginning to act as serious competitors of England on the world capitalist market; their aggressive might is currently being revived with the help of American monopolies. West Germany's exports to Western European countries already exceed England's exports in dimensions, although three years ago they were 2.5 times smaller than the latter. West German monopolists are penetrating particularly intensively into the Near and Middle East and Latin American countries.

The Expansion and Consolidation of the World Democratic Market

The formation of the world democratic market is one of the most important stages in the development of the world system of socialist economy, which in the course of the progressive development of history will replace the reactionarily decaying and decomposing world system of capitalist economy.
I. V. Stalin pointed out in 1921 that the imperialist framework and capitalist form strangle productive forces and do not allow them to develop. The only way out is the organization of world economy on the principles of economic cooperation between advanced (industrial) and backward (fuel-raw material) countries (and not on the principles of the plunder of the latter

by the former). "Without this, there is no use even thinking about the organization and normal development of world economy... But in order to begin (at least begin) the establishment of a correct world economy, the victory of the proletariat in at least several advanced countries is necessary"[123].

A quarter of a century after these historical words were uttered, the establishment of a correct world economy practically began. The world democratic market was formed by the power of victorious socialism—the Soviet Union—and the Chinese People's Republic, Poland, Czechoslovakia, Hungary, Romania, Bulgaria, Albania, the German Democratic Republic, the Korean Democratic People's Republic, and the Mongolian People's Republic, which cast off the yoke of capitalist and feudal exploitation, i.e., countries with one-third of the entire globe's population.

The new world democratic market, developing in a direction opposite to the world capitalist market, arose and consolidated as a result of the fact that the countries of the camp of peace and democracy economically closed ranks and established economic cooperation, rendering fraternal aid and support to one another. The mutual relations taking shape between these countries differ radically from the mutual relations prevailing on the world capitalist market and are opposite to them. They represent a new, higher type of mutual relations possible only between peoples liberated from the yoke of capital, and serve as the prototype of future mutual relations between all countries.

The world capitalist market is characterized by relations of dominance and subordination, the dictate of strong imperialist predators in relation to small countries, mutually destructive competition in the pursuit of maximum profit, economic and

[123] I. V. Stalin, Works, vol. 5, p. 110.

non-economic compulsion, contradictory interests, and fierce struggle. In contrast to this, economic cooperation on the new world market develops on the solid basis of the planned upswing of the economy of the countries of the democratic camp and comradely coordination of their national economic plans, and is built on the equality of large and small peoples, mutual respect for interests, and mutual assistance in economic development. The countries of the democratic camp are sincerely and selflessly interested in mutual economic successes. The working masses of these countries care in every possible way about strengthening the socialist system of economy, about the most rapid development of productive forces, and about the further flourishing of the peaceful camp of socialism. The determining moment in their mutual relations is the striving for the fullest possible mutual economic cooperation and mutual assistance in economic development. The character of relations on the world democratic market and its entire development are determined by the economic system of those countries that form it. On this market, the operation of the basic economic law of capitalism is eliminated, and free scope is opened for the operation of the basic economic law of socialism. Not the pursuit of highest profits, but the striving to ensure the maximum satisfaction of the constantly growing material and cultural requirements of the entire society through the continuous growth and improvement of socialist production on the basis of advanced technology determines the line of development of the economy of the Soviet Union and the people's-democratic countries. This economy ensures a systematic rise in the living standard of the popular masses and full employment of labor power.

In democratic countries, in contrast to capitalist countries, the growth of production does not run up against the narrow boundaries of the domestic market. New, socialist production relations open up complete scope for the development of

productive forces, which ensures the crisis-free development of the economy of the countries of the camp of democracy, the steady growth of their production, and the expansion of the capacity of the entire democratic market as a whole. Whereas the capacity of the world capitalist market is narrowing and it suffers from marketing difficulties as a result of interruptions in the development of production, as a result of unemployment and the impoverishment of the masses, as a result of the severance from democratic countries, "the new, democratic world market knows no marketing difficulties," as pointed out in the report of comrade G. M. Malenkov at the 19th Congress of the Party, "since its capacity increases from year to year, in accordance with the crisis-free growth of production in the countries of the camp of democracy, since the continuous growth of production of all countries of the democratic camp increasingly expands the capacity of the democratic market"[124]. While the productive forces of capitalism are marking time, being shackled in the viselike grip of the general crisis of capitalism, and industrial production in capitalist countries rises in individual cases above the pre-war level only through a sharp increase in military production, industrial production in the Soviet Union and the people's-democratic countries is steadily increasing. Despite the immense destruction associated with the war and the temporary fascist-German occupation of a number of the country's regions, the industry of the USSR in 1952 exceeded the highest pre-war level achieved in 1940 by two and a quarter times. The pre-war level of industrial output was surpassed in 1951 in Poland by 2.9 times, in Czechoslovakia—by 1.7 times, in Hungary—by 2.5 times, in Romania—by 1.9 times, in Bulgaria—by 4.6 times, in Albania

[124] G. Malenkov, Report to the 19th Congress of the Party on the Work of the Central Committee of the CPSU(b), p. 11.

—by more than 5 times. In 1952, a further turbulent growth of production took place in the countries of the democratic camp. Not spontaneous development of productive forces and anarchy of production and exchange, as under capitalism, but the planned development of productive forces and the subordination of exchange to the requirements of the planned economy characterize the economy of the countries of the democratic camp. Hence—the stable, rapid, and crisis-free development of the world democratic market. The monopoly of foreign trade, being one of the important levers of economic construction, is directed toward mutual assistance in the development of the countries of the democratic camp. Being a means for the planned mutual coordination of the economy of these countries, it is at the same time a most important measure for protecting their economic independence and autonomy under conditions of capitalist encirclement.

The fundamental difference of the world democratic market from the market of the capitalist camp countries finds its expression also in the fact that the international division of labor taking shape between the countries of the democratic camp differs radically from the international division of labor on the capitalist market. The process of economic rapprochement of the peoples of the democratic camp proceeds on the basis of the free cooperation of free peoples.

The market of the democratic camp possesses such resources as enable each country to find everything necessary for its economic development on the new world market. At the same time, each country imports what it needs and exports goods needed by other countries, and not a single country imposes goods unnecessary to it upon another, as takes place on the capitalist market. Thus, foreign trade gives these countries additional material resources to accelerate the rates of development of their economy.

The working people of the people's-democratic countries have

become convinced that foreign trade, from an instrument of capitalist yoke and exploitation, which it was previously, has turned into an effective weapon for the restoration and comprehensive reconstruction of their countries' national economy, into a means for raising the material well-being of working people.

In accordance with the new division of labor, the main directions as well as the structure of foreign trade of the democratic camp countries have undergone fundamental changes. Before the Second World War, the countries of Central and Southeastern Europe and China essentially served as agrarian-raw material appendages of the economy of major imperialist powers, which exploited the peoples of these countries and robbed their national wealth. The structure of foreign trade of the majority of people's-democratic countries before the Second World War corresponded to their economic position as agrarian-raw material appendages of imperialist states. In Bulgaria, for example, on the eve of the war the entire export consisted exclusively of food products and agricultural raw materials, while machinery, tools, and means of transport occupied only about a quarter of its import. The foreign trade of Romania, Poland, China, and other countries in which the people's-democratic regime is now established had the same character.

The consolidation of trade ties of the countries of the camp of socialism and democracy after the Second World War was expressed in the fact that mutual trade occupied the predominant place in their foreign trade turnover. In the foreign trade of the USSR, the share of democratic camp countries constituted approximately 80% of the entire trade turnover in 1952. In the trade turnover of the European people's-democratic countries, the share of democratic camp countries equaled 65% in 1951, in China's trade turnover in 1951—61%, and in 1952—approximately 70%. The Chinese People's

Republic imports from the Soviet Union alone 65% more equipment than China imported before the war from all capitalist countries combined. On the whole, trade turnover between countries of the democratic camp increased from 1948 to 1952 by more than 3 times. The volume of foreign trade of the Soviet Union currently exceeds the pre-war level by 3 times. The volume of foreign trade of Poland was already at the beginning of 1952 twice as high as in 1937, of Czechoslovakia in 1951—almost twice as much as in 1937. The pre-war level of foreign trade has been significantly surpassed in China, Romania, Hungary, and other democratic countries.

The expansion of trade between friendly democratic countries more than makes up for the contraction of their trade with capitalist countries conditioned by the aggressive policy course of the American-English imperialist bloc. The economic blockade of democratic camp countries organized by the ruling circles of the USA, England, and France suffered complete failure.

At present, the structure of foreign trade of democratic countries has also radically changed. Thus, for example, in Czechoslovakia's exports already in 1948 the share of industrial output increased by 10% compared to pre-war times. If in 1938 Albania's imports consisted of only 5% means of production and 95% consumer goods, already in 1949 two-thirds of Albania's imports fell to the share of means of production and only one-third to consumer goods. Industrial equipment and raw materials constituted 84.6% of Poland's imports in 1949. Industrial output constituted more than half the value of goods in Hungary's exports in 1949, etc.

Equivalent trade on the basis of unified, fair, and stable prices and the execution of settlements in the only strong and stable currency in the world—the Soviet ruble—create stability of trade turnover.

The existence and consolidation of the mighty camp of

democracy and socialism creates incomparably more favorable conditions for socialist construction for the people's-democratic countries than those in which the working people of the Soviet Union had to build socialism. As is known, the USSR, solving the task of achieving technical and economic independence, creating industry, and strengthening its economic might under conditions of a hostile capitalist encirclement, could rely solely on its own resources. At present, the Soviet Union—a mighty industrial socialist power—renders immense fraternal assistance to the people's-democratic countries in the matter of accelerated socialist industrialization and the strengthening of their planned economy, thereby contributing to the ahead-of-schedule fulfillment of their national economic plans and the strengthening of technical and economic independence from the capitalist world, accelerating the rates of socialist construction.

Comrade Stalin points out that "not a single capitalist country could render such effective and technically qualified assistance to the people's-democratic countries as the Soviet Union renders them"[125]. The USSR supplies the people's-democratic countries, along with foodstuffs, industrial raw materials, and building materials, in ever-increasing dimensions with sophisticated equipment, renders them maximally cheap and first-class technical assistance, gratuitously transfers patents, licenses, and production technology. Soviet deliveries of machinery and equipment of the latest designs to the people's-democratic countries increased in 1952 by 10 times compared to 1948.

Soviet credits and commodity deliveries on account of these credits, including deliveries of complete equipment for entire plants and integrated works, gave the people's-democratic countries the real opportunity in a short period to create new

[125] I. Stalin, Economic Problems of Socialism in the USSR, p. 31.

branches of industry and new productions equipped with modern technology, which they did not have and could not have had under other conditions, and thereby to transform the economy of these countries. Romania, for example, has become a country of developing mechanical engineering and already now, utilizing the fraternal assistance of the Soviet Union, itself produces almost all necessary equipment for oil extraction and is beginning to manufacture complex apparatuses for oil refining. This is the only example in the world where a small state possessing oil wealth also has its own petroleum machinery manufacturing. Countries of Latin America or the Middle East cannot even dream of this, for Anglo-American monopolies are lording it there, predatorily robbing the oil wealth of these countries.

Cooperation between countries of the democratic camp entered a new stage with the transition to long-term economic agreements. Long-term trade agreements, based on prospective plans for the development of the national economy of each country, guarantee them for prolonged periods the receipt of machinery, equipment, raw materials, and other goods necessary for the development of their economy, simultaneously ensure planned marketing of output, and thereby create a clear prospect and confidence in the further upswing of the economy. One of the examples of such fraternal planned cooperation is the agreement signed between Hungary and Romania in the summer of 1952. Under this agreement, on the basis of Transylvanian natural methane gas, a chemical complex will be jointly constructed by both sides in Romania, and a chemical plant in Hungary. A gas pipeline trunkline will also be jointly constructed through which methane will flow to Hungary. The new Romanian chemical enterprises will supply Hungary with chemicals. Hungary, for its part, will provide electrical equipment for the Romanian chemical plants.

The effective and technically highly qualified assistance that

the Soviet Union renders to the people's-democratic countries ensures high rates of industrial development in these countries. "It can be said with confidence," Comrade Stalin points out, "that with such rates of industrial development it will soon come to pass that these countries will not only not need to import goods from capitalist countries, but will themselves feel the necessity of releasing excess goods of their own production to the outside"[126].

At the same time, in contrast to the policy of disrupting international economic cooperation pursued by the imperialist top leadership of the USA and its satellites, the Soviet Union and the people's-democratic countries invariably adhere to the course of developing business ties with capitalist countries on mutually beneficial conditions, the line of developing international cooperation. Capitalist countries wishing to maintain and develop trade with the Soviet Union on mutually beneficial conditions always find support in this from the Soviet Union. An example of this is the USSR's trade with Finland, which increased from 1938 to 1951 by 9 times (in comparable prices) and continues to grow further. In 1953, the USSR's trade with Finland, conducted on the basis of a long-term agreement, will increase by almost 2 times against the 1951 level.

The disintegration of the single, all-embracing world market intensifies the decomposition of the world economic system of capitalism. The opposition between the two lines of economic development is coming to light ever more sharply: one line of expanding production and continuous upswing of the peaceful economy in the countries of the democratic camp, the line of comprehensive development, expansion, and consolidation of the world democratic market—and the second line, leading to the development of production on a narrowed basis in the main

[126] I. Stalin, Economic Problems of Socialism in the USSR, p. 31.

countries of the capitalist camp, the line of further narrowing and decline of the world capitalist market. The peaceful economy of the countries of the camp of democracy and socialism opens unlimited possibilities for progress in all spheres of public life in contrast to the arms race, regression, and decomposition in the countries of the capitalist camp.

As the decomposition of the world economic system of capitalism proceeds further and all capitalist contradictions become exacerbated, in particular the contradiction between the production possibilities of industry and the relative contraction of effective demand, the trade turnover of the capitalist market will contract. At the same time, the trade turnover of the world democratic market, as the socialist system of economy is further consolidated and developed, will steadily grow.

The mere existence of the world democratic market is a serious factor counteracting the attempts of US monopolies to subordinate world trade to their dictate. Equal trade conducted on the democratic market and ensuring the mutual interests of its participants shows the countries of the capitalist camp, in particular colonial and semi-colonial countries, the possibility of conducting trade with democratic camp countries on principles meeting their national interests. This prompts them to expand trade with democratic camp countries and strive to free themselves from the exploitation exercised by imperialist predators through foreign trade channels as well.

A hundred years ago Marx wrote: "Only when the great social revolution shall have mastered the results of the bourgeois epoch, the world market and the modern productive forces, and shall have subjected them to the common control of the most advanced peoples, — only then will human progress cease to resemble that hideous pagan idol who would not drink the

nectar but from the skulls of the slain"[127].
The formation of the world democratic market has immense international significance. The example of equal and fraternal cooperation of peoples liberated from exploitation strengthens the working people of capitalist countries' striving for cooperation with the USSR and other peace-loving democratic countries, for liberation from the yoke of capitalist exploitation, toward socialism.

Questions of Philosophy, No.2, 1953.

[127] K. Marx, F. Engels, Selected Works, vol. I. Gospolitizdat, 1948, p. 316.

A. Bechin

ON THE SIGNIFICANCE OF THE FUNDAMENTAL TENETS OF MARX'S THEORY OF REPRODUCTION FOR THE SOCIALIST ECONOMY

Of important significance for the scientific elaboration of the questions of socialist reproduction and for the practical activity of our governing bodies is I. V. Stalin's indication regarding the applicability of the fundamental tenets of Marx's theory of reproduction in socialist society. Marx's theory of reproduction, elaborated as a result of the study of the laws of capitalist production, reflects, of course, the specifics of capitalist production and is clothed in the form of commodity-capitalist value relations. But at the same time, it contains a number of fundamental tenets of reproduction that are valid not only for the capitalist formation and "without the application of which no socialist society can dispense when planning the national economy"[128].

To such tenets of Marx's theory of reproduction belong, as I. V. Stalin pointed out, the proposition on the division of social production into the production of means of production and the production of means of consumption; the proposition on the preferential growth of the production of means of production under expanded reproduction; the proposition on the relation

[128] I. Stalin, *Economic Problems of Socialism in the USSR*. Gospolitizdat, 1952, p. 81.

between Departments I and II; the proposition on the surplus product as the sole source of accumulation; the proposition on the formation and purpose of social funds; the proposition on accumulation as the sole source of expanded reproduction.

The fundamental tenets of Marx's theory of reproduction are significant for all social formations because they express the general material bases of the development of social production.

In the introduction to his "A Contribution to the Critique of Political Economy", Marx pointed out that all epochs of production have certain common features, certain common determinations, without which no production is conceivable. "Production in general is an abstraction, but a rational abstraction, insofar as it really highlights and fixes the common..."[129].

Developing these Marxist propositions, Comrade Stalin in "Economic Problems of Socialism in the USSR" emphasized that "the various social formations in their economic development are subordinated not only to their specific economic laws, but also to those economic laws that are common to all formations", and that "social formations are not only separated from each other by their specific laws, but are also connected with each other by economic laws common to all formations"[130].

Specific economic laws of various social formations determine the features of the development of social production

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[129] K. Marx, *A Contribution to the Critique of Political Economy*. Gospolitizdat, 1952, p. 195.

[130] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 71.

conditioned by the given economic system, the fundamental differences of one mode of production from another. But the specific economic laws of each mode of production can be cognized and determined only on the basis of cognizing and singling out by comparison the general conditions for the development of material production. "Determinations that are valid for production generally must be singled out precisely so that—on account of the unity that arises already from the fact that the subject and the object, humanity and nature, are the same—the essential difference is not forgotten"[131].

For any social production, for example, a certain correspondence between production and consumption is mandatory. In any society, production determines consumption, but also "production, torn away from the satisfaction of society's needs, languishes and perishes"[132]. The concrete relations and interdependence between production and consumption are determined by the economic system of society, the basic economic law of the given mode of production. The basic economic law of capitalism inevitably conditions a relative contraction of purchasing power, and consequently of the consumption of working people in comparison with the growth of production, as a result of which periodic crises of overproduction and the destruction of part of the productive forces are inevitable under capitalism. In contrast to this, the basic economic law of socialism ensures a steady growth of popular consumption, which excludes the possibility of overproduction and creates constantly growing

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131 K. Marx, *A Contribution to the Critique of Political Economy*, p. 195.

132 I. Stalin, *Economic Problems of Socialism in the USSR*, p. 76.

incentives for the continuous expansion and improvement of production.

Analyzing capitalist reproduction, Marx showed what concrete forms and contradictions are inherent in material production when its development is subordinated to the principle of chasing after the greatest profit, rather than the principle of maximum satisfaction of society's needs. But the analysis of the contradictions of capitalist reproduction was possible only on the basis of revealing both the specific and the general regularities of the process of material production, of which capitalist production is only one of the forms. Therefore, Marx constantly reveals, on the one hand, those general bases of reproduction that are inherent in every society, and on the other hand, reveals the specifics of capitalist reproduction. Only in this way was it possible to show the historically determined character of capitalist production and its economic laws, the historically transient character of this mode of production, its historical mission, and thereby substantiate the inevitability of the transition to the socialist mode of production.

The greatest, world-historic significance of the economic doctrine of K. Marx consists, therefore, not only in the fact that Marx discovered and substantiated the economic laws of the origin, development, and inevitable demise of the capitalist social formation, thereby arming the proletariat and all working masses with a mighty ideological weapon in the struggle to overthrow the rule of the bourgeoisie, but also in the fact that he discovered the general economic laws governing the development of social production in various social formations, including the socialist social formation.

The significance of the fundamental tenets of Marx's theory of reproduction for socialist society consists in the fact that, as I. V. Stalin teaches, they have "force for all social formations, including and especially for the socialist social formation"[133]. L. Yaroshenko's anti-Marxist assertions that Marx's theory of reproduction has force only for capitalism and contains nothing that could have force for other social formations, including the socialist formation, have at their base the denial of the existence of economic laws common to all social formations, the denial of unified political economy as a science studying "the laws of economic development not of any single social formation, but of various social formations"[134].

The correct, fruitful use of the fundamental tenets of Marx's theory of reproduction for studying the operation of the economic laws of socialism and for planning the national economy presupposes a comprehensive study of the advantages of the socialist system of national economy over the capitalist system, the opposition of the basic economic law of socialism to the basic economic law of modern monopoly capitalism, the opposition of all other economic laws of socialism to the economic laws of capitalism. It is necessary to reveal on this basis the concrete features of the operation of the general regularities of social reproduction, expressed in the fundamental tenets of Marx's theory of reproduction, under socialism in contrast to capitalism; it is necessary to reveal, on the one hand, the conflict between grown productive forces and capitalist production relations, which turned in the era of

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133 I. Stalin, *Economic Problems of Socialism in the USSR*, p. 80.

134 *Ibid.*, p. 70.

imperialism into the greatest brake on the development of productive forces, into a factor of the destruction of productive forces; on the other hand, to reveal the great role of the production relations of socialism, which are "that main and decisive force which actually determines the further, and at that powerful development of productive forces and without which productive forces are doomed to stagnation, as takes place at present in capitalist countries"[135].

I

The first fundamental tenet of Marx's theory of reproduction, which has force also for socialist society, is the proposition **on the division of social production into two departments: into the production of means of production and the production of means of consumption**.

The basis of the development of any society is the production of material goods. But from the moment man emerged from the state of animal savagery, material goods are produced with the aid of instruments of production, and the products of nature that have already undergone preliminary processing act as the subject of labor. Therefore, any more or less developed social production inevitably presupposes not only the production of means of consumption, but also the production of means of production, which are then used in the production of means of consumption. This determines the division of social production into the production of means of production and the production of means of consumption. V. I. Lenin pointed out that at the basis of all of Marx's theory of reproduction lies the

[135] *Ibid.*, p. 61.

proposition on the division of social production into two large departments. Connected with it is another proposition: on the division of the aggregate social product according to its natural form into means of production and means of consumption, and according to its value into the part replacing consumed means of production and the part that constitutes society's income.

Marx's theory of capitalist reproduction is clothed in the form of commodity-capitalist value relations, which found its reflection in the reproduction schemes in "Capital". The annual product of social production is represented in these schemes in the following form (for simple reproduction):

I 4,000c + 1,000v + 1,000m = 6,000 (in means of production)

II 2,000c + 500v + 500m = 3,000 (in articles of consumption)

Commodity-capitalist value relations directly express capitalist exploitation; they are determined by the character of capitalist production subordinated to the capitalists' principle of chasing after profit.

But Marx's proposition on the division of social production into the production of means of production and the production of means of consumption expresses at the same time the most important basis of socialist reproduction as well. Only with the aid of this proposition can the entire mechanism of the process of socialist reproduction, subordinated to the basic economic law of socialism, be understood and uncovered.

Reproduction, i.e., the continuous renewal of the process of production of material goods, makes necessary the constant replacement of consumed means of production at the expense of a part of society's annual product. Although instruments of production and production structures (fixed productive assets) wear out gradually, over the course of a number of years, every year some part of them goes out of commission both as a result of physical wear and tear and as a result of obsolescence in technical terms. The retiring fixed assets are subject to replacement by new production structures and instruments of production. Raw materials and auxiliary materials (circulating productive assets) are consumed entirely and are subject to replacement likewise from the annual product of society. Thus, a part of the product of current production, as K. Marx points out, always belongs to production, must replace the means of production expended in the production process, and cannot be turned toward satisfying the current non-productive needs of society.

The part of society's annual social production product corresponding to this, although produced in its natural form during the given year, does not constitute society's income, inasmuch as it merely replaces consumed means of production created by the labor of past years. This part of the annual product is called the replacement fund.

The other part of the annual social product remaining after the deduction of the replacement fund constitutes the national income.

Marx explains the question of the division of the annual social product into the replacement fund and the national income in

the following way: "Although the sum total of social product I and II, means of production and articles of consumption, viewed according to their use-value, concretely, in their natural form, are the product of current year labor, yet only insofar as this labor itself is viewed as useful concrete labor, and not as an expenditure of labor-power, not as labor creating value. At the same time, the former is correct only in the sense that means of production were turned into a new product, into the product of the current year, only by means of the living labor added to them and operating with them. Conversely, without means of production existing independently of current labor, without means of labor and materials of production, current labor could not turn into a product"[136]. As long as commodity production and value accounting of production costs are preserved in a socialist society, the replacement fund and national income are expressed along with their natural form in value form as well. But the division of the product according to value can only be a more or less exact expression of the division of the product in its natural form and has a historically transient character.

The size of the replacement fund and its share in the aggregate product of socialist society are determined, firstly, by the degree of development of the productive-technical base of material production: the more means of production are consumed in the labor process, the greater, other things being equal, will the replacement fund be. Secondly, the size of the replacement fund and its share in the annual product are determined by the durability and technical level of the

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[136] K. Marx, *Capital*, vol. II, 1952, p. 429.

instruments of production and production structures. Technical progress in the USSR ensures a constant increase in the productivity and durability of instruments of production while reducing their weight, which cuts costs for their reproduction and, consequently, lowers that share of the annual product that replaces their wear and tear. Thirdly, the size of the replacement fund and its share in the annual product are determined by the economy of means of production in the labor process and their effective utilization. With a given mass of used means of production, a different quantity of product can be obtained, and consequently the share of the product that replaces consumed means of production will also be different.

The movement of production innovators for increasing the durability of instruments of labor, for reducing the weight of machines while increasing their power, for the economy and more effective utilization of means of production and objects of labor therefore has tremendous national economic significance, because along with other results it ensures an increase in the share of national income in the annual aggregate product of the USSR. The most important task of planning bodies and all economic organizations is to search out ways to reduce material costs for a given mass of product in construction and production.

In the process of expanded socialist reproduction, the scale of the production of means of production is determined by that quantity of them that is required, firstly, for replacement and, secondly, for the expansion of production. This determines one of the important objective bases of the proportionality of national economic branches, the uncovering and planned

implementation of which in the process of planning the national economy constitute an important task for planning bodies.

The significance of Marx's proposition on the division of social production into the production of means of production and the production of articles of consumption for the theory of socialist reproduction and for national economic planning consists also in the fact that it makes it possible to understand the process of the economic turnover of the product in a socialist society, which mediates the process of reproduction. At the basis of the extremely diverse and mutually intertwining processes of turnover of the aggregate product in its natural and value form lies the exchange between the two departments of social production. The essence of the latter consists in the fact that that part of the national income created in Department I, produced in the natural form of means of production, is subject to replacement by consumer products, and that part of the replacement fund of consumed means of production which is embodied in the product of Department II consists of articles of consumption and is subject to replacement by means of production. From this also follows the necessity of constant exchange between the departments—the substitution of the national income created in Department I, but represented in the natural form of means of production, by consumer products created in Department II, in a volume equal to the replacement fund in Department II. In application to capitalism, Marx expressed this exchange by the equality I (v + m) = II c. In V. I. Lenin's remarks on the anti-Marxist booklet of the enemy of the people Bukharin "The Economics of the Transition Period",

it is emphasized that this formula of K. Marx remains in force under communism as well. This is a formula of simple reproduction, but the latter is always a moment and the main constituent part of any expanded reproduction. Also under expanded reproduction, exchange between departments takes place on the basis of the equality of the replaced product. The excess of national income created in Department I over the replacement fund in Department II is a condition for the expansion of production, of accumulation.

A distinctive feature of economic turnover in the process of socialist reproduction at present is constituted by two circumstances.

The first of these circumstances consists in the fact that socialist reproduction in the USSR is carried out in the presence of two forms of socialist property. The output of collective farm production belongs to collective farms. A significant part of this output—surpluses of collective farm production—enters the market and is thus included in the system of commodity circulation.

The further growth of socialist production will in time provide the state's hands with a sufficient quantity of industrial products so that through product-exchange it may eliminate the surpluses of collective farm production from commodity circulation and include collective farm production output in the general system of all-people planning. Raising collective farm property to the level of all-people property and replacing commodity circulation with a system of product-exchange will lead to the central power or some other socio-economic center embracing the entire output of social production. This will

accelerate the development of society's productive forces to an even greater degree.

The second of these circumstances consists in the fact that socialist reproduction in the USSR proceeds under conditions of commodity production of a special kind. Means of production are not commodities with us, do not enter into commodity circulation. They are distributed by the Soviet state among its enterprises by way of material-technical supply. But consumer products, "necessary to cover the outlays of labor-power in the production process, are produced with us and realized as commodities subject to the action of the law of value. Here precisely opens up the impact of the law of value on production"[137]. Therefore, such questions as questions of cost accounting, profitability of production, production cost, prices, etc., have topical significance.

Means of production, not being essentially commodities, retain the external shell of commodities. Taking into account production cost, prices of means of production is necessary "for calculation, for accounts, for determining the profitability and unprofitability of enterprises, for the audit and control of enterprises. But this is merely the formal side of the matter"[138]. Essentially, however, means of production in the USSR are not commodities, and the impact of the law of value on socialist production is not regulating.

Of great significance for socialist society is another proposition of Marx's theory of reproduction—the proposition **on the**

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137 I. Stalin, *Economic Problems of Socialism in the USSR*, pp. 20, 52.

138 *Ibid.*, p. 52.

preferential growth of the production of means of production under expanded reproduction.

The preferential growth of the production of means of production in comparison with the growth of the production of means of consumption constitutes an objective necessity independent of human will. "The preferential growth of the production of means of production is necessary not only because it must provide equipment both for its own enterprises and for the enterprises of all other branches of the national economy, but also because without it expanded reproduction is generally impossible"[139].

The question of the preferential growth of the production of means of production is comprehensively elaborated in the works of V. I. Lenin and I. V. Stalin. V. I. Lenin, still in his report "On the So-Called Market Question", wrote about this as a law of the more rapid increase of means of production, stemming from the fact that "the replacement of manual labor by machine labor—the general progress of technique under machine industry—demands an intensified development of productions for the extraction of coal and iron, these real 'means of production for means of production'"[140]. Uncovering the regularities of expanded reproduction, V. I. Lenin showed that for expanded reproduction the most rapid growth of the production of means of production for Department I is necessary, then a somewhat less rapid growth of the production of means of production for Department II; while the growth rates of the production of means of consumption will inevitably

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139 I. Stalin, *Economic Problems of Socialism in the USSR*, pp. 66–67.

140 V. I. Lenin, *Works*, vol. 1, p. 89.

be the least rapid, for the condition for the growth of the production of means of consumption is the accelerated growth of the production of means of production.

The examined proposition of Marx's theory of reproduction had and has tremendous significance in all the revolutionary activity of the Communist Party both for combating theories hostile to Marxism (Narodniks, Trotskyites, Bukharinites) and for substantiating program provisions and defining practical policy. It is well known what decisive role V. I. Lenin assigned to the rapid development of industry in general, of heavy industry in particular, when creating the program for building socialism in the USSR. Elaborating the proposition on the socialist industrialization of the country, I. V. Stalin comprehensively uncovered and substantiated the significance of the preferential growth of the production of means of production for the victory of socialism in the USSR. The essence of socialist industrialization, I. V. Stalin pointed out, consists not in the simple growth of industry, but in the priority development of heavy industry and first of all machine-building.

Only the priority development of heavy industry and its heart —machine-building—could create the material basis for the victory of socialism in the USSR, for the socialist transformation of agriculture, for the technical re-equipment of all branches of the national economy. Only the priority development of heavy industry could ensure its own production of means of production, the independence of the USSR from capitalist countries, and strengthen its defense capability. "In our country, which is still technically young," I. V. Stalin said

at the XVII Congress of the C.P.S.U.(B.), "industry has a special task. It must reconstruct on a new technical base not only itself, not only all branches of industry, including light, food, and timber industry. It must also reconstruct all types of transport and all branches of agriculture. But it can fulfill this task only if machine-building—the main lever for the reconstruction of the national economy—occupies a predominant place in it"[141].

The specific weight of Group "A" in the industrial output of the USSR constituted 58.5% in 1938 against 33.3% in 1913, and of Group "B"—41.5% against 66.7% in 1913. The specific weight of machine-building in the industrial output of the USSR rose from 6.8% in 1913 to 25.5% in 1937, and subsequently it became even higher.

I. V. Stalin comprehensively uncovered the significance of the preferential growth of the production of means of production during the period of gradual transition from socialism to communism. To prepare the transition to communism, I. V. Stalin teaches, it is necessary, firstly, to firmly ensure "the continuous growth of all social production with the preferential growth of the production of means of production"[142]. The preferential growth of the production of means of production is a requirement of the basic economic law of socialism. To achieve the goal of socialist production—the maximum satisfaction of the constantly growing material and cultural needs of all society—there are needed above all the continuous growth and improvement of socialist production on the basis of

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141 I. V. Stalin, *Works*, vol. 13, pp. 311–312.

142 I. Stalin, *Economic Problems of Socialism in the USSR*, pp. 66–67.

advanced technique. But the continuous growth of the national economy is impossible to carry out "without at the same time implementing the primacy of the production of means of production"[143].

The preferential growth of the production of means of production is necessary for completing the comprehensive mechanization of labor in all spheres of the national economy. And the mechanization of labor processes is that "decisive force without which it is impossible to sustain either our tempos or the new scales of production"[144]. Only the mechanization of labor processes makes it possible to solve such tasks as the construction of gigantic power stations, canals, transforming nature over vast territories. In accordance with this, the directives of the XIX Congress of the Party on the fifth five-year plan for the development of the USSR for 1951–1955 envisage the completion in the main of the mechanization of heavy and labor-intensive work in industry and construction. The electrical equipment per worker in industry increases in 1955 by 70% in comparison with 1950 and 2.6 times in comparison with 1940. In agriculture, the mechanization of basic field work in collective farms will be completed, the mechanization of labor-intensive work in animal husbandry, vegetable growing, horticulture, work on the transportation, loading, and unloading of agricultural produce, on irrigation, drainage of waterlogged lands, and the development of new lands will be widely deployed.

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143 *Ibid.*, p. 24.

144 I. V. Stalin, *Works*, vol. 13, p. 54.

Raising the technical equipment of labor, the introduction of new technique into production is, in turn, the basis for the growth of labor productivity. A further growth of labor productivity is necessary not only to ensure an abundance of articles of consumption, but also to shorten the working day to at least six, and then to five hours, so that members of society receive sufficient free time to obtain a comprehensive education, for the all-around development of their abilities. The mechanization of labor in the Soviet Union eases the labor of workers and peasants, creates the productive-technical basis for eliminating the substantial difference between mental and physical labor.

All these conditions of expanded reproduction require the preferential growth of the production of means of production. The preferential growth of the production of means of production, ensuring continuous growth of production on the basis of advanced technique, the mechanization of labor, the growth of labor productivity and easing the labor of workers, is necessary for realizing all the main conditions for preparing the transition to communism. Only on the basis of the preferential growth of the production of means of production can one achieve the abundance of articles of consumption necessary for the transition to distribution according to needs, achieve such a development of industry and agriculture that will make it possible to implement the replacement of commodity circulation by product-exchange, will make it possible to create the material conditions for a fundamental change in the position of labor—to shorten the working day, ensure universal compulsory polytechnical education and the all-around

development of the physical and mental abilities of all members of society, radically improve living conditions, raise real wages by a minimum of double, if not more.

The preferential growth of the production of means of production under expanded socialist reproduction raises the question of **the proportions between the production of means of production and the production of means of consumption**.

The proposition on the preferential growth of the production of means of production explains the objectively existing necessity of a more rapid growth of Department I in comparison with Department II. But the expansion of Department I does not occur in detachment from the growth of Department II. The continuous process of expanded reproduction is possible only with definite proportions between both departments.

Capitalist economic relations, as Marx showed, impart a specific character to the production process, subordinate it to the capitalists' principle of chasing after the greatest profit. This sets narrow boundaries for the growth of production. The contradiction between the social character of production and private-capitalist appropriation of its results is the basis, the cause of crises of overproduction. The basic contradiction of capitalism conditions the inevitable violation of the necessary proportionality between Departments I and II of capitalist production. Marx showed that there is not and cannot be overproduction in relation to society's needs, that overproduction under capitalism is always related only to solvent demand, because "too much is produced for the purpose of enrichment, or too large a part of the product goes

not to consumption in the form of income, but to the creation of more money, to accumulation..."[145].

The measure of the expansion of capitalist production, Marx points out, "is capital itself, the existing stage of production conditions and the boundless drive of capitalists for enrichment and the increase of capital, but by no means consumption; the latter is [limited] from the very beginning, since the most significant part of the population, namely the working population, can expand its consumption only within known, very narrow limits; moreover, as capitalism develops, the demand for labor relatively decreases, although absolutely it grows"[146].

The actions of the basic economic law of modern monopoly capitalism further exacerbate the basic contradiction of capitalism and its expression—the contradiction between the growth of production and the relative contraction of the population's solvent demand.

The basic economic law of socialism determines completely different proportions between Departments I and II under socialism than under capitalism. But also under socialism, the process of expanded reproduction requires definite proportions in the development of the production of means of production and the production of means of consumption. Concrete proportions change along with the development of production, but for each period of production development definite proportions are inherent, mandatory proportions between

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[145] Karl Marx, *Theories of Surplus Value*, vol. II, part 2. Partizdat, 1936, p. 208.

[146] *Ibid.*, p. 174.

Departments I and II. These proportions, on the one hand, are the result of the development of production, and on the other hand, the condition for the further expansion of production.

The expansion of production with the preferential growth of the production of means of production raises the specific weight of Department I in the entire social product. The industrialization of the USSR national economy, the technical reconstruction of all its branches radically changed the proportions between the production of means of production and the production of means of consumption in total industrial output.

The raising of the specific weight of the production of means of production in all industrial output vividly characterizes the transformation of the USSR from an agrarian, technically backward country into a highly developed industrial power. Especially telling is the growth of the share of machine-building output in all industrial output, signifying the transformation of the Soviet Union into a country producing the newest technique, into a country that has emerged into first place in the world in the volume of saturation of the national economy with the newest technique. Without such a raising of the share of the production of means of production, and first of all the share of machine-building output in industrial output, it would be impossible to increase the industrial production of articles of consumption.

The constant outstripping of the growth of the production of means of production is a mandatory condition of the process of expanded reproduction. But the difference in the growth rates of Departments I and II at different stages of the economic

development of the USSR was different, as can be seen from the following table:

Correlation between the growth of the production of means of production and the production of articles of consumption in the industrial output of the USSR (in %)

	1932 compared to 192820	1937 compared to 193221	1950 compared to 194022
Means of production	293	238	205
Articles of consumption	132	118	184

* See "Results of the Fulfillment of the First Five-Year Plan for the Development of the National Economy of the USSR". Gosplanizdat, 1934, p. 253.

** See "Results of the Fulfillment of the Second Five-Year Plan for the Development of the National Economy of the USSR". Gosplanizdat, 1939, p. 76.

** See G. Malenkov, *Report to the XIX Congress of the Party on the Work of the Central Committee of the C.P.S.U.(B.)*. Gospolitizdat, 1952, p. 38.

During the first five-year plan, it was necessary to eliminate the technical and economic backwardness of the country in the shortest possible time. The fate of our Motherland depended on this. To solve this world-historic task in the first five-year plan, numerous branches of heavy industry and especially machine-building were newly created, which ensured the technical reconstruction of other branches of the national economy as well. On this basis, the collectivization of agriculture became necessary and possible, possessing paramount significance for the victory of socialism in the USSR. The huge successes in the sphere of industry and agriculture achieved over the years of the first five-year plan also ensured a radical improvement in the material position of working people. Unemployment was destroyed and the uncertainty about the morrow among workers was eliminated. Collectivization undermined the foundations of the stratification of the peasantry into kulaks and poor peasants and destroyed destitution and pauperism in the countryside. The huge growth of production led to an increase in the number of workers and employees in large-scale industry by double in comparison with 1928, a growth of the average annual wages of workers and employees by 67% in comparison with 1928, a growth of national income by 85%, etc.

But the production of articles of consumption, although it increased by 84% during the first five-year plan, still could not satisfy the even more increased solvent demand of the population. "Articles of mass consumption," I. V. Stalin said, "were indeed produced less than needed, and this creates

certain difficulties"[147]. The wage fund increased over 1929–1933 by 3.6 times[148]. The incomes of peasants also increased significantly. All this caused tension in supplying the population with articles of consumption: it was necessary to introduce a ration supply system so as not to allow a decline in the real wages of workers amid rising prices in the consumer goods market. At the same time, the preferential growth of the production of means of production, which in the first five-year plan it was necessary to force to ensure high tempos of economic development, created the material prerequisites for the rapid growth of the production of means of consumption and bringing the growth tempos of Group "B" up to the growth tempos of Group "A" subsequently.

In the second five-year plan, the production of means of production increased by 138%, and the production of articles of consumption—by 100%. The solvent demand of the population increased strongly once again, but it was satisfied significantly more fully, since the production of industrial consumer products doubled, and the production and supply of products by agriculture also grew. Bringing the growth tempos of Group "B" up to the growth tempos of Group "A" in industry, as well as a significant upsurge in collective farm production, ensured the possibility of abolishing the ration system and transitioning to developed Soviet trade, the possibility of implementing a policy of systematic price reduction. The growth tempos of the material and cultural living standard of working people

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147 I. V. Stalin, *Works*, vol. 13, p. 182.

148 See statistical collection "Socialist Construction of the USSR (1933–1938)". Gosplanizdat, 1939, p. 139.

increased sharply. Through capital construction in the second five-year plan, the basis was laid for an even greater increase in the development tempos of Group "B" branches and bringing them closer to the development tempos of Group "A" branches in the third five-year plan: putting fixed assets into operation in branches producing articles of consumption increased over the second five-year plan by 4.2 times in comparison with the first with a general increase in putting fixed assets into operation in all industry by 3.8 times[149].

Thus, the experience of the pre-war development of the USSR national economy shows that the concrete correlation of the development tempos of Departments I and II branches changes in the process of expanded reproduction. Forcing the growth of heavy industry in the first five-year plan was a historical necessity. It served as a means of ensuring high growth tempos for the entire national economy. On the other hand, the technical reconstruction of the Soviet national economy and the complete victory of socialism in the USSR ensured the economic possibility of significantly accelerating the growth tempos of the production of articles of consumption in the second five-year plan and the first three years of the third five-year plan, bringing the growth tempos of Department II closer to the growth tempos of Department I.

During the Great Patriotic War, the forcing of armament production, as well as the barbaric destruction of the economy of the most important regions perpetrated by the Hitlerites, caused major changes in the correlations between the main

[149] See *ibid.*, p. 114.

departments of the socialist economy. The production of means of production in 1944 constituted 136% compared to the 1940 level, and the production of articles of consumption—only 54%. In 1949, the production of means of production exceeded the 1940 level by 63%, the production of articles of consumption—by only 7%. These figures show a major change in the proportions between Departments I and II caused by the war and its consequences.

Relying on the Marxist theory of reproduction, the Communist Party in the post-war period ensured, on the basis of the preferential growth of the production of means of production, the material prerequisites for the accelerated expansion of social product production, including means of consumption. The increase in the production of means of consumption made it possible to abolish the ration system of consumer product distribution, carry out a monetary reform, and, as production grew and the production cost of output decreased, implement a steady reduction of prices. By the end of the fourth five-year plan, the growth tempos of consumer products in industry and agriculture were once again significantly brought closer to the high growth tempos of the production of means of production. Amid high tempos of development of the entire economy, the growth tempos of the production of means of production and the production of articles of consumption in the fifth five-year plan were brought even closer together: with a growth of Group "A" by 80%, Group "B" will increase by 65%, and the annual increment is planned at 13% and 11% respectively.

Thus, in the post-war period, the regularity in the correlations between Departments I and II inherent in socialist society

manifested itself once again: the preferential growth of Department I ensures the rapid growth of Department II amid overall high development tempos of the entire national economy. Bringing the development tempos of branches producing articles of consumption closer to the development tempos of Department I branches—while mandatory preservation of a more rapid growth tempo for Department I—signifies such a correlation between departments that ensures the possibility of increasingly full satisfaction of the growing material and cultural needs of all society. This is a necessary condition for the rapid and continuous development of the entire national economy, for social production torn away from the satisfaction of needs cannot develop; it languishes, as takes place under capitalism at present.

Bringing the growth tempos of the production of means of consumption closer to the high growth tempos of the production of means of production does not mean abandoning the preferential production of means of production. With a large specific weight of the production of means of production, especially the production of machines and equipment, in the output of the entire national economy, high tempos of the production of means of consumption, more or less close to the development tempos of Department I branches, are not only possible, but also necessary. Department II, firstly, provides articles of consumption for the growing demand of people engaged in Department I, and secondly, is a consumer of means of production. The violation of correct correlations between departments will therefore inevitably reveal itself not only in difficulties of supplying the population with consumer

products, but will also retard in the course of time the growth of the production of means of production, for means of production are created ultimately in order to produce articles of consumption with their mediation.

Thus, in the process of expanded socialist reproduction, the operations of the basic economic law of socialism, the realization of its features and main requirements vividly manifest themselves. The preferential growth of the production of means of production prepares the conditions for the growth of the production of articles of consumption, and the latter is not limited by the insufficient solvent demand of the population, as takes place under conditions of capitalism, but, on the contrary, is stimulated by the rapidly growing purchasing power of the population, the rapidly increasing needs of working people.

The proposition of Marxist-Leninist economic science on the correlations between Departments I and II in the process of expanded socialist reproduction gives the Communist Party an effective weapon for cognizing the objective regularities of economic development in order to use them in the interests of building communism. Guided by this proposition, the Communist Party of the Soviet Union smashed the Trotskyites and Bukharinites who preached bourgeois theories of "equilibrium", leveling down to "bottlenecks", as well as voluntaristic directives on "super-industrialization", which masked capitulation to capitalist elements inside the country and to imperialist states, whose intelligence services were served by the Trotskyites and Bukharinites.

Rapid tempos of development of all social production amid the preferential growth of the production of means of production are possible only on the basis of accumulation, and the growth of accumulation, its tempos and norm, in turn, are determined by the correlations between Departments I and II in the process of expanded reproduction. This important question of the theory of socialist expanded reproduction is solved by the Soviet state guided by Marx's theory of reproduction, its proposition **on the surplus product as the sole source of accumulation**.

K. Marx showed that the basis of capitalist expanded reproduction is constituted by accumulation of capital, and the sole source—the surplus product, the value expression of which is surplus value. For the expansion of production to take place, it is necessary to turn a part of the surplus product in both departments into additional capital. The turning of a part of the surplus product toward increasing functioning capital is called capitalist accumulation.

"In order to accumulate," K. Marx pointed out, "it is necessary to turn a part of the surplus product into capital. But, without performing a miracle, one can turn into capital only such objects as can be applied in the labor process, i.e., means of production, and further, such objects as are capable of maintaining the worker's life, i.e., means of subsistence. Consequently, a part of annual surplus labor must be expended on manufacturing additional means of production and means of

subsistence, in excess of that quantity of them which is necessary for replacing advanced capital"[150].

The production of additional means of production and articles of consumption, production in excess of a given level of productive and personal consumption is not a feature of capitalism, but constitutes the basis of the development of any social formation. The feature of capitalism is only that these additional means of production and means of subsistence are appropriated by capitalists in the form of surplus value—"that tribute which the capitalist class annually extorts from the working class"[151] and is used for the further expansion and intensification of capitalist exploitation. Under any social form of production, K. Marx teaches, "there appears to be required a constant additional production so that accumulation may be possible"[152]. Marx points out in volume III of "Capital" that "if one strips wages, as well as surplus value, necessary labor as well as surplus labor, of their specifically capitalist character, what remains are no longer these forms, but merely their bases, common to all social modes of production"[153]. In volume I of "Capital", Marx emphasizes that although "the elimination of the capitalist form of production will make it possible to restrict the working day to necessary labor", the latter will also include labor "that is required for the formation of a social reserve fund and accumulation fund"[154].

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150 K. Marx, *Capital*, vol. I, 1952, pp. 585–586.
151 *Ibid.*, p. 587.
152 Karl Marx, *Theories of Surplus Value*, vol. II, part 2, p. 167.
153 K. Marx, *Capital*, vol. III, 1951, p. 890.
154 K. Marx, *Capital*, vol. I, p. 532.

Marx and Engels always resolutely opposed the reactionary, petty-bourgeois notion that under socialism the entire product would be distributed for individual consumption.

In a socialist society, the tempos and norm of accumulation, subordinated to the task of maximum satisfaction of the needs of all society, rise sharply, because along with the liquidation of capitalism there is destroyed the parasitic consumption of a huge part of the national income by capitalists, landowners, and their numerous parasitic retainers; because, further, social production is liberated from the non-productive squandering generated by capitalism of a significant part of the national income on covering the costs of competitive struggle, from the wasting of national wealth during crises, wars. The accumulation fund is concentrated in the hands of the socialist state and is rationally used for the needs of expanding production in the interests of satisfying the material and cultural needs of all members of society on an ever-growing scale. "Incomes," I. V. Stalin points out, "squeezed out of people's labor by exploiters remain nowadays in the hands of working people and are used partly for expanding production and attracting new detachments of working people into production, partly for directly raising the incomes of workers and peasants"[155].

Therefore, the product of socialist society going toward accumulation is not a surplus product in its capitalist content. "Only in consequence of the fact that labor in the form of wage

[155] I. V. Stalin, *Works*, vol. 13, p. 334.

labor and means of production in the form of capital are given as a premise—consequently only in consequence of such a specifically social character of these two important factors of production,—a part of value (product) turns into surplus value, and this surplus value into profit (rent), into the capitalist's income, into additional wealth at his disposal, belonging to him"[156]. Under socialism, where the working class holds state power in its hands and is the owner of the means of production, and the exploiting classes and the system of exploitation of man by man have been liquidated, there is not and cannot be the category of surplus value and surplus product. "...It is strange now to speak of 'necessary' and 'surplus' labor: as if the labor of workers in our conditions, given to society for the expansion of production, development of education, public health, for organizing defense, etc., is not just as necessary for the working class currently in power as the labor expended to cover the personal needs of the worker and his family"[157].

The source of socialist accumulation is that part of the aggregate social product that exceeds current productive and non-productive consumption in its former volume, or, in other words, that part of the national income that exceeds personal and non-productive social consumption of the given year. Like the entire national income, this part of it, forming the accumulation fund, is created in all branches of material production. The conditions for the production of additional means of production and articles of consumption are: an increase in the mass of labor in material production, growth of

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156 K. Marx, *Capital*, vol. III, p. 895.

157 I. Stalin, *Economic Problems of Socialism in the USSR*, pp. 18–19.

labor productivity, more effective utilization of means of production, and economy of materials in the production process.

Accumulation, on the one hand, and expansion and improvement of production, on the other hand, are interconnected and mutually conditioned. "...Marxist theory of reproduction teaches that modern society cannot develop without accumulating from year to year, and accumulation is impossible without expanded reproduction from year to year"[158]. But if we take the production of a given year, the production of a larger mass of product for further accumulation depends entirely on raising labor productivity, better utilization of means of production and economy of raw materials, auxiliary materials, and fuel, as well as the reduction of defective output. The main factor among these is the growth of labor productivity. As Marx points out, the real wealth of society and the possibility of continuously expanding the process of its reproduction depend not on the duration of labor, but on its productivity and on the greater or lesser abundance of those conditions of production under which it is carried out[159].

The continuous improvement of production on the basis of advanced technique, raising the cultural-technical level of workers, socialist emulation, and the Stakhanovite movement have created conditions for an unprecedented rise in labor productivity under capitalism in the USSR national economy. Over the period from 1940 to 1951, labor productivity in USSR

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158 I. V. Stalin, *Works*, vol. 12, p. 144.

159 See K. Marx, *Capital*, vol. III, p. 833.

industry grew by 50%, with 70% of the entire output increment obtained through the growth of labor productivity. In the fifth five-year plan, it is planned to obtain already about three-quarters of the entire increment of industrial output through a 50% growth of labor productivity. In agriculture, a large part of the entire agricultural output increment will be obtained from raising crop yields: 90% of the increment in grain, 50% of the increment in raw cotton, over 60% of the entire increment in sugar beets.

An important means of obtaining an additional mass of output is the better utilization of means of production in the national economy. For example, over the period of the fifth Stalinist five-year plan, through the better utilization of operating blast furnaces, about 30% of the entire pig iron smelting increment will be obtained, and through the better utilization of equipment in the coal industry—about 25% of the entire coal mining increment. Better utilization of means of production will yield a significant part of the entire output increment in other branches of the national economy of the Soviet Union as well.

Under conditions of the socialist economy, not all national income increment through labor productivity growth goes into the accumulation fund. A significant part of it goes toward increasing the consumption of working people through wage growth, price reductions, additional state expenditures on improving cultural and utility services for workers. One of the main conditions for creating intra-economic accumulations and correctly utilizing accumulated funds is the regime of economy.

Accumulation for expanded reproduction, the production of additional means of production and means of consumption in the process of expanded reproduction take place under socialism by way of **the formation of social funds**. In this is manifested one of the root opposites of socialist accumulation to accumulation in a capitalist society, which is carried out in the form of private capitalist accumulation. If under capitalism accumulation occurs partly also in the form of state or municipal property, even in this case it serves the interests of the ruling classes, the goals of exploitation and oppression of working people, and its source is mainly the incomes of working people extracted by means of taxes.

K. Marx, both in his analysis of capitalist accumulation and in his analysis of the development of socialist society in the "Critique of the Gotha Program", elaborated the proposition on **the formation and purpose of social funds** in a socialist society. As is known, Marx showed that out of the entire aggregate social product of a socialist society, funds are formed first of all to ensure the needs of material reproduction: firstly, for replacing consumed means of production; secondly, for expanding production; thirdly, for forming reserves. After the deduction of these funds, "there remains the other part of the aggregate product intended to serve as articles of consumption"[160]. At the expense of this part of the aggregate product are formed, Marx pointed out, the following social funds: firstly, a fund to cover general, non-production administration costs; secondly, a fund intended for the joint satisfaction of needs (schools, public health institutions, etc.);

[160] K. Marx, *Critique of the Gotha Program*. Gospolitizdat, 1952, p. 12.

thirdly, a fund for the disabled, etc. To this should be added, in application to our modern conditions, a fund to ensure defense needs. The remaining part of the annual product of social production is distributed among workers of socialist society according to the quantity and quality of labor and enters individual consumption.

Through the formation and expenditure of funds for replacement and for the expansion of production, expanded reproduction of social socialist property in the means of production takes place as the basis of socialist production relations, as the decisive condition for the development of socialist society toward communism.

The classics of Marxism-Leninism constantly pointed out that the centralization of means of production in the hands of the socialist state or some other socio-economic center is the prerequisite for the development of communism in both of its phases. This proposition of scientific communism fundamentally separates it from petty-bourgeois and utopian, reactionary doctrines.

Paramount significance for all our society and for every Soviet person individually is possessed by the maintenance of the state apparatus. The socialist state fulfills the most important functions of economic-organizational and cultural-educational work, safeguarding socialist property from thieves and pilferers, ferreting out and neutralizing saboteurs and wreckers dispatched from without or recruited inside the country by intelligence services of imperialist states for the purpose of undermining the might of the USSR and preparing a new war. Of paramount significance is the formation of the defense fund.

Pursuing a peaceful policy, defending the cause of peace, the Soviet Union, located in a hostile capitalist encirclement, is forced to daily raise its defense capability, expend some part of the national income on these needs of paramount significance for all society.

Under socialism, a fund for the needs of education, public health, science, and art is formed. The feature of this fund consists in the fact that it serves the joint satisfaction of people's needs, i.e., being necessary for the development of society as a whole, it satisfies such most important personal needs of members of socialist society that cannot be satisfied by way of individual consumption.

The formation of a fund for the joint satisfaction of the needs of society's members constitutes a tremendous advantage of socialism over capitalism. Under capitalism, the consumption of the working class is determined exclusively by wages, which moreover have a tendency to steadily decline as the productive power of labor develops. Under capitalism, "the wage worker is allowed to work for the maintenance of his own existence, i.e., is allowed to live only insofar as he works a certain amount of time for nothing for the benefit of the capitalist..."[161]. The real wages of workers under capitalism also decline as a result of the huge growth of taxes and high cost of living.

Under socialism, however, the basic economic law of socialism determines the necessity and possibility of ensuring the maximum satisfaction of the constantly growing material and

[161] K. Marx, *Critique of the Gotha Program*, p. 21.

cultural needs of all society. The growth of social production provides an ever-growing mass of material goods to satisfy the needs of working people. On the other hand, the growth of the needs (solvent demand) of working people is a constantly growing source of the expansion of production and guarantees working people against crises of overproduction[162].

Raising the cultural-technical level of working people, their all-around development is also one of the most important conditions for the growth of social labor productivity, for the main productive force of society is people themselves, carrying out the production of material goods "thanks to a certain production experience and skills in labor..."[163]. In a speech at the graduation of Red Army academicians in 1935, Comrade Stalin said: "If we had a sufficient number of cadres in our first-class plants and factories, in our state farms and collective farms, in our transport, in our Red Army capable of mastering this technique, our country would receive three and four times more effect than it has now"[164]. In "Economic Problems of Socialism in the USSR", I. V. Stalin once again pointed out that raising the cultural-technical level of workers to the level of engineering-technical workers during the period of transition to communism is of paramount significance for us, for if the majority of workers raised their cultural-technical level to the level of engineering-technical personnel, "our industry would be raised to a height unattainable for the industry of other countries"[165].

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162 See I. V. Stalin, *Works*, vol. 12, p. 321.

163 I. Stalin, *Problems of Leninism*, 1952, p. 589.

164 *Ibid.*, p. 528.

165 I. Stalin, *Economic Problems of Socialism in the USSR*, p. 28.

For the formation of social funds, besides the replacement fund, a corresponding distribution of the national income is necessary. Through the state budget, the Soviet state concentrates a significant part of the national income in its hands and uses it to satisfy the needs of production and the non-productive material and spiritual needs of all society. In the final distribution of the USSR national income, about a quarter of it goes into the accumulation fund and for other social needs (material costs of administration, defense, science), and three-quarters—to satisfy the personal material and spiritual needs of working people.

Of paramount significance for the analysis of socialist reproduction is the proposition of Marx's theory of reproduction **on accumulation as the sole source of expanded reproduction**.

The process of forming social funds in the process of socialist expanded reproduction does not coincide with the process of accumulation for the expansion of production.

The formation and expenditure of social funds ensure various kinds of payments and allowances to members of socialist society, as well as wages and material costs in the non-productive sphere. This part of social funds is expended as the consumed part of the national income and does not enter into the accumulation fund. The accumulation of national wealth in the non-productive sphere occurs in the form of an increase in non-productive funds (new structures, equipment of cultural-utility institutions serving working people, as well as scientific institutions, etc.). These funds are the product of material production, but their accumulation is accumulation in the

sphere of consumption, and not accumulation for the expansion of production.

A different character is borne by the accumulation of funds for the expansion of production and the formation and increase of production reserves. Here belong: an increase in fixed productive assets; accumulation of circulating productive assets; accumulation of articles of consumption for workers additionally drawn into the process of material production; accumulation of production reserves.

The sole source of expanded reproduction is accumulation intended for the expansion of production. It is expressed in the creation of additional means of production and in the utilization of these means of production to increase the fixed and circulating assets of material production, as well as in the production of additional articles of consumption for workers newly drawn into production. The overwhelming part of the accumulation fund is used for the expansion of production through capital construction, some part—through an increase in circulating assets and reserves of the national economy. The process of the expansion of production finds its main expression in the putting into operation of fixed assets of the national economy. Socialist reproduction in the USSR is characterized by a steady and rapid growth of putting fixed assets into operation. Over the first five-year plan, 1,500 enterprises were built and put into operation, over the second—already 4,500, over three and a half years of the third five-year plan—3,000, and over the fourth five-year plan—6,000 enterprises. Over the period 1951–1955, capital investments in

industry will approximately exceed the volume of investments in 1946–1950 by 2 times.

Capital construction in the USSR is carried out on the basis of advanced technique. Therefore, in the process of expanded reproduction, there occurs not a simple increase in productive assets, but also the constant improvement of their production on the basis of advanced technique. This determines the rapid growth tempos of social product production. According to data cited by Comrade Malenkov at the XIX Congress of the Party, industrial production of the USSR in 1951 exceeded the 1929 level by almost 13 times. Over 1952, it grew by another 11% in comparison with 1951. The growth of industrial production in the fifth five-year plan is planned at approximately 70%. This means that in 1955 the volume of industrial output will exceed the 1940 volume by three times. The technical reconstruction of agriculture and the organizational-economic strengthening of collective farms have also ensured a huge growth of agricultural output. In 1952, the gross grain harvest amounted to 8 billion poods. In the fifth five-year plan, the gross grain harvest will increase by another 40–50%.

The huge growth of the national economy and culture in the USSR in the fifth five-year plan once again demonstrates before the entire world the great vital force of socialism, the root advantages of the socialist system of economy over the capitalist system. The Communist Party of the Soviet Union, relying on the objective economic laws of socialism, on the economic theory of Marx—Engels—Lenin—Stalin, is successfully leading the Soviet Union toward the complete victory of communism.

Questions of Philosophy, No.4, 1953.

D. Parfenov

ELIMINATION OF THE OPPOSITION BETWEEN MENTAL AND PHYSICAL LABOR IN THE USSR AND WAYS TO DESTROY THE ESSENTIAL DIFFERENCE BETWEEN THEM

The problem of destroying the opposition between mental and physical labor was posed back by the founders of Marxism. Marx and Engels scientifically proved that in the future communist society there will be no opposition between mental and physical labor, and that the elimination of this opposition is connected with the elimination of private ownership of the means of production and the old division of labor, under which people are chained to some single profession for life. Marx and Engels pointed out that in communist society conditions will be created for the comprehensive development of man's creative talents. A society liberated from the fetters of capitalist production, Engels wrote in *Anti-Dühring*, will raise "a new generation of comprehensively developed producers who understand the scientific foundations of all industrial production and each of whom has practically studied a whole series of production branches from beginning to end..."[166].

The opposition between mental and physical labor constitutes a characteristic feature of all antagonistic socio-economic formations based on private ownership of the means of production, and always expresses the relationship between

[166] Friedrich Engels, *Anti-Dühring*, Gospolitizdat, 1952, p. 281.

oppressors and oppressed. "The economic basis of the opposition between mental and physical labor," points out Comrade Stalin, "is the exploitation of people of physical labor by representatives of mental labor"[167].

The opposition between mental and physical labor goes back in its roots to deep antiquity; it originated together with the emergence of private ownership of the means of production, with the split of society into antagonistic classes of exploiters and exploited. With the division of society into classes, the overwhelming majority of members of society is condemned to hard, involuntary physical labor, whereas the exploiters monopolize along with the means of production also mental activity and the administration of the state. Alongside the vast majority of members of society exclusively occupied in involuntary labor, Engels points out in *Anti-Dühring*, "there is formed a class freed from direct productive labor and directing such general affairs of society as labor management, state affairs, justice, sciences, arts, etc."[168].

The opposition between mental and physical labor reached its greatest depth under capitalism. If in epochs preceding capitalism production was conducted by routine methods, on the basis of experience, traditions, and skills of direct producers, the development of large-scale machine industry under capitalism led to the emergence and development of many branches of science. Under capitalism, as Engels pointed out, knowledge became a science, and sciences linked up with

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[167] J. Stalin, *Economic Problems of Socialism in the USSR*, Gospolitizdat, 1952, pp. 26–27.

[168] Friedrich Engels, *Anti-Dühring*, p. 265.

practice. But science and knowledge are monopolized by the ruling class—the bourgeoisie—in its own selfish interests. The opposition between mental and physical labor under capitalism appears as one of the forms of manifestation of irreconcilable class contradictions between the working class and the bourgeoisie, which uses all achievements of science and technology to intensify the exploitation and robbery of the working masses.

In his manuscript dating back to 1857–1858[169], Marx shows the change in the character of labor in connection with the spread of machine production. The place of former manual labor is taken by labor with the help of machines. The application of science to production increases. But the progress of science and technology under capitalism serves to intensify the exploitation of the working class and working people by a handful of capitalists. Characterizing capitalist machine production in Chapter XIII of Volume I of *Capital*, Marx writes: "Machine labor, seizing the nervous system to the extreme, suppresses the multifaceted play of muscles and deprives man of any possibility of free physical and spiritual activity. Even the lightening of labor becomes a source of torture, because the machine does not free the worker from labor, but frees his labor from any content".

Marx emphasizes that in large-scale capitalist machine industry "the separation of the intellectual forces of the production process from manual labor and their transformation into the power of capital over labor reaches its completion..."[170].

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169 4. See *Bolshevik* No. 11-12, 1939.

170 K. Marx, *Capital*, Vol. 1, 1952, p. 428.

At capitalist enterprises, the worker is turned into a mechanical appendage to a machine, and as such he turns out to be chained to the machine from early childhood to the end of his life. Under capitalism, the worker performs some separate function all his life connected with the work of a machine or the movement of a conveyor. The performance of a simple, partial productive function at a machine becomes his lifelong profession. "The lifelong specialty to manage a partial instrument becomes a lifelong specialty to serve a partial machine. The machine is abused in order to turn the worker himself from early childhood into a part of a partial machine"[171].

Labor under capitalism is depersonalized, devoid of any intellectual content. The development of technology under capitalism, especially the introduction of the conveyor, leads to the abyss between mental and physical labor deepening more and more: on the one hand, the role of engineering and technical labor increases, which is the domain mainly of offspring of the ruling classes and their flunkies, and on the other hand, the de-qualification of workers occurs, and the specific weight of unqualified labor increases. Workers do not know the technological process, and indeed this is not required of them—all that is required of them is the mechanical performance of a definite labor operation connected with the course of the machine, the movement of the conveyor. The activity of the entire collective of workers depends on the work of the system of machines, on the speed of movement of the conveyor. A despotic regime of exploitation reigns at a

[171] Ibid., p. 427.

capitalist enterprise, and this regime is maintained by the very course of the machines.

The development of technology and the rationalization of production processes under capitalism lead to the mass replacement of skilled labor by unskilled labor. This is profitable for the capitalists, because unskilled labor is paid at the very minimum rates; besides, it is easier to impose the most grueling labor conditions on unskilled and low-skilled workers, and if they refuse work, they can be thrown out onto the street at any moment and replaced by other, more submissive ones. At the plants of American billionaires, for example, everything is done to "rid" workers of the "ability to think". The imperialists of modern America consider the ideal worker to be a person of the "ox type," capable only of obeying the movement of the conveyor, at best responding to light and sound signals. The overwhelming majority of workers in American industry are unskilled workers. At Ford plants, for example, 50% of workers were trained for their profession from one day to a week.

The monopolies' pursuit of maximum profit, especially now in connection with the frenzied arms race, leads to monstrous intensification of labor, to the merciless tightening of the exploitation "press" of the working class. All forces are ruthlessly wrung out of the worker, every drop of nerve and muscle energy is sucked out, and then he is replaced by another. Capitalists resort to all sorts of refined methods of "sweat-squeezing" from workers. At the plants of France, for example, as the newspaper *l'Humanité* reports, bells playing the role of continuous "drivers" are introduced to constantly

speed up work on conveyors, and time-study men, in order to exert pressure on the psyche of workers, continuously shout at one or another worker: "gives insufficient output!", "incapable worker!", "subject to dismissal!", etc. The strength of the workers is sapped to such an extent that a worker, having worked at a plant for no more than 10 years, drops out of the ranks.

In the USA, at the majority of enterprises, workers older than 35–40 years are not accepted. The intensification of labor and the lack of safety engineering lead to a continuous increase in the number of accidents at enterprises. Thus, in the USA every 8 seconds a worker is injured, every 2 minutes a worker is maimed, annually 15–17 thousand people die from accidents. According to a report by the Bureau of Labor Statistics under the US Department of Labor, in 1952 there were over 2 million industrial accidents in the country, of which 15 thousand were fatal. The industrial hygiene conference held in Detroit in 1949 stated that in American industry people die most of all "from heart disease resulting from the ever-increasing pace of work on assembly installations".

The overstrain of the physical and spiritual strength of the worker at capitalist enterprises is a consequence of the fact that the improvement of technology under capitalism is limited by the narrow framework of the pursuit of profit. "The progress of technology and science," Lenin wrote, "means in capitalist society progress in the art of sweat-squeezing"[172]. Capitalist rationalization of production is largely carried out along the

[172] V. I. Lenin, *Works*, Vol. 18, p. 557.

lines of labor intensification. The development of science and technical progress under capitalism lead to an ever greater deepening of the opposition between physical and mental labor. Under capitalism, there is exploitation of people of physical labor by representatives of mental labor; the bourgeois intelligentsia serves the interests of capital, helps capitalists squeeze sweat from workers and guard the capitalist system, and contributes to the spiritual enslavement of the popular masses by the monopolists. As for the proletarians and working peasants, they are chained for life, by virtue of the capitalist division of labor, to contentless and exhausting physical labor. Innumerable barriers prevent working people from mastering knowledge. Science, culture, and art are inaccessible to the mass of workers and working peasants. It is characteristic that in the citadel of modern capitalism, the USA, there are 10 million completely illiterate people and 20 million semi-literate people who have not even finished elementary school. In a number of colonial and dependent countries, the percentage of illiterates reaches 99.

Under capitalism, J. V. Stalin points out, there exists a gap between the people of physical labor of enterprises and the managerial personnel. On the basis of this gap, a hostile attitude of workers toward the director, the foreman, the engineer, and other representatives of technical personnel develops. "In old, pre-revolutionary times, under capitalism, the intelligentsia consisted primarily of people of the propertied classes—gentry, industrialists, merchants, kulaks, etc. There were also people from the petty bourgeoisie, minor officials, and even from peasants and workers in the ranks of the

intelligentsia, but they did not play and could not play a decisive role there. The intelligentsia as a whole fed at the table of the propertied classes and served them"[173].

But by bringing the antagonism between exploiters and exploited to the extreme limit, by aggravating to the extreme limits also the opposition between workers of physical and mental labor, the development of capitalism at the same time prepares the conditions for the revolutionary replacement of the social system based on class antagonism by a higher social system where there are no antagonistic classes and class struggle, where together with the elimination of the exploitation of man by man, the old division of social labor is also eliminated. Marx deeply uncovered the material conditions for the elimination of the old division of labor, prepared by the very course of capitalist development. In Volume I of *Capital*, Marx points out: "...Large-scale industry itself by its catastrophes makes it a question of life and death to recognize the change of labor, and therefore the greatest possible versatility of workers, as a universal law of social production, to the normal realization of which relations must be adapted. It sets as a question of life and death the task: to replace the monstrosity of an unfortunate reserve working population, held in reserve for changing exploitation needs of capital, with the absolute suitability of man for changing labor needs; to replace the partial worker, the simple bearer of a certain partial social function, with a comprehensively developed individual for

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[173] J. Stalin, *Problems of Leninism*, 1952, p. 647.

whom various social functions represent mutually alternating modes of activity"[174].

The progressive role of capitalism has long been exhausted. Capitalist production relations have turned from an engine of productive forces into their fetters; private-capitalist property and exploitation of the working masses, the opposition between physical and mental labor have become a brake on the development of society's productive forces. The necessity and possibility of transition to a new, higher social system that does not know the exploitation of man by man and destroys the abyss between hand work and head work open up. Substantiating the necessity of liquidating the old, capitalist division of labor and educating comprehensively developed people in communist society, Engels wrote: "...Industry managed by the entire society in a planned way and in the public interest needs people with comprehensively developed abilities, people capable of orienting themselves throughout the entire system of production... Education will free them from that one-sidedness which the modern division of labor currently forces upon everyone. Thus, a society organized on communist principles will enable its members to apply their comprehensively developed abilities in all respects"[175].

With the destruction of capitalism, this last antagonistic socio-economic formation based on private property and the exploitation of man by man, the opposition between mental and physical labor is also destroyed. Engels wrote in *Anti-Dühring* that with the conversion of the means of production into public

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174 K. Marx, *Capital*, Vol. I, 1952, p. 493.

175 K. Marx and F. Engels, *Works*, Vol. V, p. 478.

property, "the possibility will be secured to all members of society through social production of not only fully sufficient and daily improving material conditions of existence, but also of the complete free development and application of their physical and mental abilities..."[176]

With the victory of the Great October Socialist Revolution, which replaced the old capitalist production relations in industry with new, socialist production relations, the opposition between mental and physical labor was undermined in our country, and the foundations for its complete elimination were laid. If under capitalism the working class, which creates the material values of the world, is an oppressed and exploited class, after the victory of the Great October Revolution it became the ruling class in our country. The working class of our country took political power and the management of production into its own hands, and headed the leadership of the entire state and social life of the country.

With the destruction of the bourgeois-landlord state—that apparatus of violence of the exploiting minority of society over the exploited majority—and the establishment of Soviet power, the workers and peasants of our country received the opportunity to display their organizational talents in solving state-wide questions. They began to actively participate in the administration of the country, in all spheres of socio-political life. Thereby the old, absurd, and wild prejudice was shattered that only representatives of the so-called "higher" classes, only

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[176] Friedrich Engels, *Anti-Dühring*, p. 266.

the rich or those who went through the school of the rich classes, could administer the state.

From the very first days of the establishment of Soviet power, V. I. Lenin called on our people to master culture, to master the entire sum of knowledge accumulated by humanity in order to successfully build a socialist society. Lenin regarded the raising of the culture of working people and the upgrading of their skills as one of the most important conditions for increasing labor productivity and the victory of communism over capitalism. "Formerly," Lenin said at the 3rd All-Russian Congress of Soviets, "all human intellect, all its genius created only in order to give some all the benefits of technology and culture, while depriving others of the very necessities—enlightenment and development. Now all the wonders of technology, all the conquests of culture will become all-people property, and from now on never will human intellect and genius be turned into means of violence, into means of exploitation"[177].

Soviet power, relying on the economic law of obligatory correspondence of production relations to the character of productive forces, in the 1930s replaced the old capitalist relations in the countryside as well with new, collectivist production relations. Thereby, in all branches the dominance of socialist forms of economy was established and the system of exploitation of man by man was completely eliminated. The victory of socialism in all spheres of the national economy led to a radical change in the class structure of Soviet society; the

[177] V. I. Lenin, *Works*, Vol. 26, p. 436.

exploiting classes were completely eliminated; the working class and collective farm peasantry of the USSR are completely new classes, freed from exploitation, the likes of which human history has not yet known. The intelligentsia also changed radically. The cultural revolution that took place in our country in the course of socialist construction had as one of its most important results the birth of a new, truly popular intelligentsia. In contrast to capitalism, where the formation of the intelligentsia means an even greater deepening of the opposition between mental and physical labor, socialism created a new intelligentsia that came from the people and therefore is vitally connected with the interests of the people. "The remnants of the old intelligentsia turned out to be dissolved in the depths of the new, Soviet, popular intelligentsia. Thus, a new, Soviet intelligentsia was created, closely connected with the people and ready in its mass to serve them faithfully and truly"[178]. By virtue of all this, the mutual relations between the intelligentsia and workers of physical labor also changed, the abyss that separates the intelligentsia from the popular masses under capitalism disappeared, as did the managerial personnel of enterprises from workers.

Thus, with the victory of socialism, the economic and social basis of the opposition between mental and physical labor, the opposition of interests of workers of physical and mental labor, was forever destroyed in the USSR, and consequently, this opposition itself disappeared. "It is clear," J. V. Stalin points out, "that with the destruction of capitalism and the system of

[178] J. Stalin, *Problems of Leninism*, 1952, p. 648.

exploitation, the opposition of interests between physical and mental labor had to disappear. And it has indeed disappeared under our modern socialist system. Now people of physical labor and managerial personnel are not enemies, but comrades-friends, members of a single production collective, vitally interested in the success and improvement of production. Not a trace of former enmity remains between them"[179].

Mental labor in the USSR does not oppose physical labor. Workers and engineering-technical personnel in our society are members of a single production collective, vitally interested in the development and improvement of socialist production. Close ties of cooperation and comradely mutual assistance between workers and managerial technical personnel are growing stronger and stronger in the struggle for further technical progress, for raising labor productivity, in the struggle for the construction of communist society. In the USSR, the monopoly on knowledge has been destroyed, and the right to education has been realized for all members of socialist society. The achievements of science, culture, and art in the country of socialism have become the property of the working people; moreover, the working people of our country themselves are moving science, technology, culture, and art forward. Along with work in production, the broadest masses of working people actively participate in the administration of the country, in all spheres of social life.

The character of labor under socialism has radically changed: Soviet people work not for exploiters, but for themselves, for

[179] J. Stalin, *Economic Problems of Socialism in the USSR*, p. 27.

their people, for their socialist state. Back in December 1917, V. I. Lenin in his work "How to Organize Competition?" wrote: "For the first time after centuries of labor for others, of involuntary work for exploiters, there appears the possibility of working for oneself, and moreover work based on all the conquests of the newest technology and culture"[180].

If under capitalism labor is a private affair of everyone, under conditions of socialism labor has acquired social significance: from a shameful and heavy burden that it was before, labor has become a matter of honor, glory, valor, and heroism. The position of people in socialist society is determined by their labor, their personal abilities. The change in the character of labor under socialism leads to the deployment of the creative forces and abilities of members of socialist society and conditions the growth of their skills, their cultural and technical level. Labor in socialist society has acquired a creative character.

Thus, socialism eliminates the opposition of interests between workers of mental and physical labor, characteristic of exploiting social formations and based on the system of exploitation of people of physical labor by representatives of mental labor. The aim of socialist production is not profit, but ensuring the maximum satisfaction of the material and cultural needs of all members of society. If in capitalist society the development of production leads to the intensification of poverty and lack of culture of the popular masses, the development of socialist production, on the contrary, leads to

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[180] V. I. Lenin, *Works*, Vol. 26, p. 368.

the raising of the well-being and culture of the popular masses. The progress of science and technology in socialist society not only ensures the ever-increasing satisfaction of the material needs of working people, but at the same time leads to the raising of their cultural-technical and general educational level, to the ever more comprehensive development of their creative talents.

The elimination in our country of the opposition between mental and physical labor was one of the outstanding victories of the Communist Party of the Soviet Union.

With the elimination of the opposition between mental and physical labor, a completely new important problem confronted the Communist Party and the Soviet people—the problem of eliminating the essential difference between mental and physical labor. The opposition of interests between workers of physical labor and workers of mental labor in our society has been eliminated. But at the first phase of communism, at the socialist stage of development, the gap in the cultural and technical level of the working class and peasantry, on the one hand, and the intelligentsia and engineering-technical personnel, on the other, has not yet been fully overcome. This is precisely what constitutes the essential difference between mental and physical labor in our society.

The problem of eliminating the essential difference between mental and physical labor was not posed by the founders of Marxism. This is a completely new problem posed by the practice of our socialist construction, and it was theoretically elaborated for the first time in Marxist-Leninist science by Comrade Stalin in his work *Economic Problems of Socialism*

in the USSR. The problem of eliminating the essential difference between mental and physical labor is, as Comrade Stalin emphasized, a highly serious problem and is of paramount importance for the development of our society. Its successful resolution is inextricably linked with the fulfillment of three basic preliminary conditions for preparing the transition to communism.

The problem of eliminating the essential difference between mental and physical labor is solved not by lowering the level of engineers and technicians to the level of the average worker, but, on the contrary, by raising the cultural and technical level of the entire working class and peasantry to the level of engineering-technical workers. In his speech at the First All-Union Conference of Stakhanovites in 1935, Comrade Stalin showed the harmfulness of petty-bourgeois chatter that conditions for the transition to communism can supposedly be prepared by some cultural and technical equalizing of workers of mental and physical labor on the basis of lowering the cultural and technical level of engineers and technicians, workers of mental labor, to the level of medium-skilled workers. In reality, however, communism presupposes a high level of culture of the entire society; it requires comprehensively developed and educated people. And this can be achieved only on the basis of raising the cultural and technical level of the working class to the level of engineering-technical workers. At the 18th Congress of the Party, Comrade Stalin emphasized: "We want to make all workers and all peasants cultured and educated, and we will do this in time"[181].

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[181] J. Stalin, *Problems of Leninism*, 1952, p. 648.

The raising of the cultural and technical level of workers to the level of engineering-technical personnel is successfully carried out under the conditions of the Soviet social system, "where the productive forces of the country are freed from the fetters of capitalism, where labor is freed from the yoke of exploitation, where the working class is in power and where the young generation of the working class has every opportunity to provide itself with sufficient technical education"[182].

Overcoming the essential difference between mental and physical labor is an objective necessity of the economic development of the USSR on the road to communism, an objective requirement of the material life of Soviet society. A high level of labor productivity, production technology, comprehensive mechanization and automation of production processes, necessary to ensure an abundance of consumer goods, presuppose, in turn, a high cultural and technical level of all members of society, require people who are comprehensively educated and master technology. Engels already wrote that "the management of production by the forces of all society and the resulting new development of production will need completely new people and will create them"[183]. V. I. Lenin emphasized in 1920: "...Illiterate people will not suit electrification, and simple literacy alone is not enough here. It is not enough to understand what electricity is: one must know how to technically apply it both to industry and

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182 Ibid., p. 534.

183 K. Marx and F. Engels, *Works*, Vol. V, p. 478.

to agriculture, and to individual branches of industry and agriculture"[184].

In the USSR, along with the growth and improvement of our socialist production, the cultural-technical and general educational level of workers and collective farmers is also steadily rising. A vivid manifestation of this was the mass sweep of socialist emulation. In his speech at the First All-Union Conference of Stakhanovites, Comrade Stalin showed the great significance of the Stakhanovite movement for the construction of communism in our country. The Stakhanovite movement, Comrade Stalin emphasized, is such a movement of workers and female workers that will go down in the history of our socialist construction as one of its most glorious pages. Its significance lies in the fact that it opened up to us the path on which alone highest indicators of labor productivity can be achieved; this movement contains the first beginnings of the cultural-technical rise of our country's working class.

A characteristic feature of Stakhanovites' labor is technical innovation, the use of the latest Stakhanovites are production advanced workers who have fully mastered the technology of their business, who are mastering the scientific foundations of production. The creative activity of Stakhanovites enriches science, prompts it to move forward. Stakhanovites, Comrade Stalin emphasized, "are free from the conservatism and stagnation of some engineers, technicians, and economic managers, they go forward boldly, breaking obsolete technical norms and creating new, higher ones, they introduce

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[184] V. I. Lenin, *Works*, Vol. 31, p. 264.

amendments into design capacities and economic plans drawn up by the leaders of our industry, they time and again supplement and correct engineers and technicians, they not infrequently teach and push them forward, for these are people who have fully mastered the technology of their business and know how to squeeze out of technology the maximum of what can be squeezed out of it"[185].

The significance of mass socialist emulation and innovation is extremely great in the matter of eliminating the essential difference between mental and physical labor. It contains the beginnings of precisely that cultural-technical rise of the working class which is necessary for the liquidation of the essential difference between mental and physical labor and ensuring the highest indicators of labor productivity. Characterizing in *Economic Problems of Socialism in the USSR* the significance of eliminating the essential difference between mental and physical labor for communist construction in the USSR, Comrade Stalin points out: "Before the spread of mass socialist emulation, the growth of industry went with a creak for us, and many comrades even raised the question of slowing down the rates of industrial development. This is explained mainly by the fact that the cultural and technical level of workers was too low and lagged far behind the level of technical personnel. Matters, however, changed radically after socialist emulation acquired a mass character among us. It was precisely after this that industry went forward at an accelerated pace. Why did socialist emulation acquire a mass character? Because among the workers there were whole groups of

[185] 20. J. Stalin, *Problems of Leninism*, 1952, p. 534.

comrades who not only mastered the technical minimum, but went further, came on a par with technical personnel, began to correct technicians and engineers, break existing norms as obsolete, introduce new, more modern norms, etc. What would happen if not individual groups of workers, but the majority of workers raised their cultural and technical level to the level of engineering-technical personnel? Our industry would be raised to a height unattainable for the industry of other countries. Consequently, it cannot be denied that the elimination of the essential difference between mental and physical labor by raising the cultural and technical level of workers to the level of technical personnel cannot but be of paramount importance for us"[186].

The Stakhanovite movement, which began in 1935 and rapidly swept the whole country, developed in breadth and depth, becoming increasingly mass-based. Socialist emulation acquired particularly wide scope in the years of the Patriotic War and in the post-war period. A remarkable feature of socialist emulation is that it generates ever new examples of creative labor, the growth of mass technical innovation of working people. It has become an important factor in technical progress. Over 1949–1952 alone, about 2,550 thousand inventions, technical improvements, and rationalization proposals by workers and engineering-technical personnel were introduced in industry, construction, and transport. Thousands of production leaders have been awarded the high title of Stalin Prize laureate for their creative labor for the good of the Motherland. The development of socialist emulation and

[186] J. Stalin, *Economic Problems of Socialism in the USSR*, pp. 28–29.

innovation contributes to the close creative cooperation of workers in science and production. Many outstanding achievements of Soviet science and technology have been the result of the joint efforts of labor of workers, engineers, collective farmers, agronomists, scientists. At conferences and meetings held at factories, plants, mines, collective farms, main directorates, ministries, research institutes, educational institutions, scientists, engineers, and workers jointly discuss the most important issues of production, issues of introducing the latest achievements of scientific and technical thought into production. Production innovators—advanced workers and masters of socialist agriculture—finish technical and agronomic courses, technical schools, higher education institutions without leaving production, and are transferred to engineering and technical positions.

The stormy growth of science and technology, wide mechanization of labor, introduction of the most perfect and highly productive machines, further subordination of the forces of nature to man—all this leads to the easing of labor, frees workers from hard physical labor, and increases the role of highly qualified engineering and technical labor. In all branches of the national economy, the specific weight and role of skilled workers are steadily increasing, and the specific weight of unskilled workers is decreasing. In our industry, such hard professions as, for example, sledgers and cutters in the coal industry, roll-hands in ferrous metallurgy, winch-men and bailer-men in the oil industry have already disappeared. Along with this, new professions have appeared, such as combine and plow operators and mechanics, coal-loading and rock-loading

machine operators, conveyor operators and oil extraction and processing operators, boiler operators at power plants, electric sawyers in the timber industry, earth-moving machine operators in construction, combine operators in agriculture, etc. People who have mastered these and other, more complex professions have to a significant extent secondary and higher education, and extensive technical knowledge. The upgrading of the skills of workers and the collective farm peasantry, the growth of their creative initiative, and innovation are a vivid expression of the process taking place in our society of the gradual disappearance of the gap in the cultural and technical level of the working class and engineering-technical personnel.

Majestic tasks in the field of improving the technology of utilizing the achievements of scientific and technical thought in all branches of the national economy face our country in the fifth five-year plan. The implementation of the fifth five-year plan will lead to a further rise in the technical level of socialist production. The five-year plan outlines a broad program for the mechanization of labor, as well as the automation of a number of production processes, in particular the automation of metallurgical units and labor-intensive work in ferrous metallurgy enterprises, labor-intensive mining work, etc. The successful introduction of new technology in the fifth five-year plan makes it possible to carry out on an even larger scale the further re-equipment of all branches of the national economy, sharply raise the level of mechanization of labor-intensive and hard work, replace hard types of physical labor with mechanized labor, and unskilled labor with skilled labor. Further improvement of technology conditions the high

cultural and technical training of people servicing this technology. The combination of mental and physical labor becomes increasingly necessary as science and technology continue to develop powerfully. Hence, the primary task is for every worker to raise his cultural and technical level, perfectly know the technology and production process in his section, and master the best methods of performing production operations.

The Communist Party and the Soviet Government, relying on the objective laws of economic development of socialist society, carry out enormous work to raise the cultural and technical level of our country's working people. "...The Soviet system and the dictatorship of the proletariat," Comrade Stalin teaches, "can develop only on condition of a steady rise in the material and cultural state of the working class, on condition of a steady improvement in the position of all working people of the Soviet country..."[187]. Caring for the steady growth of the well-being and culture of the Soviet people is the supreme principle by which the Communist Party and the Soviet Government have been guided from the first days of the existence of Soviet power in our country.

Over the years of Soviet power, our country has turned into the most cultural country in the world. Back in the years of the first five-year plan, universal compulsory education of children was universally introduced in our country, and in industrial cities, factory districts, and workers' settlements—universal compulsory seven-year education. We achieved particularly great successes in this matter in the post-war years. Universal

[187] J. V. Stalin, *Works*, Vol. 7, pp. 96–97.

seven-year education has been universally implemented in the USSR, both in the city and in the countryside.

Year after year, the number of students in secondary and higher schools is growing. In 1952 alone, higher educational institutions graduated 221 thousand young specialists and newly admitted 375 thousand people. About 5.5 million specialists with higher and secondary specialized education work in the country, which is almost 2.2 times more than before the war. A network of cultural and educational institutions is widely deployed in cities and rural areas. There are 368 thousand libraries of all types in the USSR. The total annual circulation of published books has reached 800 million copies. The number of sound film projector installations in cities and villages over the period since 1939 has increased by almost 3 times.

The fifth five-year plan is a new major step forward along the path of raising socialist culture and providing all members of society with conditions for the comprehensive development of their physical and mental abilities. The fifth five-year plan outlines major tasks in the field of public education. By the end of the five-year plan, the transition from seven-year education to universal secondary education (ten-year school) will be completed in the capitals of the republics, cities of republican subordination, regional, territorial, and major industrial centers. In the fifth five-year plan, conditions will also be prepared for the full implementation in the next five-year plan of universal secondary education in other cities and rural areas. The implementation of universal secondary education is of great importance in raising the cultural and technical level of

working people, and consequently, the elimination of the essential difference between mental and physical labor: in the secondary school, the rising generation of our country masters solid knowledge of the fundamentals of sciences.

In accordance with the tasks of the further development of the national economy and cultural construction, the fifth five-year plan envisages increasing the graduation of specialists of all kinds from higher and secondary specialized educational institutions in 1955 compared to 1950 by approximately 30–35%, including increasing the graduation of specialists from higher educational institutions for the most important branches of industry, construction, and agriculture by approximately 2 times. The network of correspondence and evening higher and secondary specialized educational institutions, as well as general educational schools for training working people without leaving production, is receiving further development. Further development of cinema and television is being carried out; the network of cinemas, mass libraries, clubs is expanding; the printing industry is expanding.

An important role in the matter of raising the cultural and technical level of the working class is played by the system of state labor reserves—the creation in our country of a wide network of trade, railway, mining-industrial schools and FZO schools. The system of state labor reserves carries out the training of skilled workers in the most diverse specialties, primarily for industry and transport.

Along with the system of state labor reserves, a major role in raising the cultural and technical level of the working class is played by the system of mass production training, which covers

millions of working people and allows workers through individual, brigade, and course training to acquire as well as upgrade their skills. Over the years of the fourth five-year plan, through individual, brigade, and course training, 31 million people acquired a profession and upgraded their skills, and over the two years of the fifth five-year plan (1951–1952)—14,800 thousand workers and employees. In the future, as we advance toward communism, the role of the system of mass production training will increase more and more every year. To satisfy the growing needs of the national economy for skilled cadres, especially in connection with the further introduction of advanced technology into production, the directives of the 19th Congress of the Party on the fifth five-year plan envisage improving the quality of training young skilled workers in the system of state labor reserves, and outline the conduct of training skilled workers through individual and brigade training and through the system of courses and schools organized at enterprises.

Comrade Stalin teaches that to prepare the transition to communism it is necessary "to achieve such a cultural growth of society as would secure to all members of society the comprehensive development of their physical and mental abilities, so that the members of society have the opportunity to receive an education sufficient to become active agents of social development, so that they have the opportunity to freely choose a profession, and not be chained for life, by virtue of the existing division of labor, to some single profession"[188]. And for this, it is necessary to achieve serious changes in the

[188] J. Stalin, *Economic Problems of Socialism in the USSR*, pp. 68-69.

present position of labor. "To this end, it is necessary first of all to reduce the working day to at least 6, and then to 5 hours. This is necessary in order that the members of society might receive sufficient free time necessary to obtain a comprehensive education"[189].

Under capitalism, the growth of the productive power of social labor has as its consequence only the reduction of necessary working time and the increase at the expense of this of surplus working time. The monstrous intensification of labor under capitalism leads to hidden densification, consequently to the lengthening of the working day; if the working class succeeded as a result of an organized struggle to improve labor conditions in achieving a certain reduction in the nominal duration of the working day, these gains were nullified by the densification of the working day through monstrous labor intensification. Machines and new technology in general are used by capitalists only in the event that this promises them the greatest profits. "Capitalism stands against new technology and for the transition to manual labor when new technology does not promise the greatest profits anymore"[190]. The presence of chronic unemployment gives capitalists the opportunity to sharply increase labor intensity, forcing workers to expend maximum energy at very low pay.

In contrast to this, under socialist production, the defining aim of which is the satisfaction of the growing material and cultural needs of all members of society, the growth of the productive power of social labor and production technology necessarily

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189 Ibid., p. 69.

190 Ibid., p. 40.

leads to the easing of labor conditions, and at a definite stage to the reduction of the working day.

In the manuscript already mentioned, Marx pointed out that when free time "ceases to exist in an antagonistic form" (i.e., when the exploitation of man by man is destroyed), then "on the one hand it will turn out that necessary working time will be measured by the needs of the social individual, and on the other hand, that the development of productive forces will go forward with such rapidity that, although production will now be calculated for the wealth of all, nevertheless the free time of all will increase"[191]. The free time that members of communist society will possess will serve "both as leisure time and as time for the implementation of more elevated activity," i.e., for the development of the diverse needs and talents of man.

The growth of labor productivity under socialism is not an end in itself, but only a means of satisfying the demands of members of society, of creating conditions for the comprehensive development of man. As J. V. Stalin pointed out, in the USSR machines always save labor for society and at the same time "ease the labor of workers, in view of which under our conditions, unlike conditions of capitalism, workers with great eagerness use machines in the process of labor"[192]. The growth of labor productivity in the USSR is connected with the rapid development of production technology, with the deep interest of the working people themselves in mastering technology and advanced technology. The attitude of Soviet working people to technology as a means of easing labor,

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191 *Bolshevik* No. 11-12, 1939, p. 64.

192 J. Stalin, *Economic Problems of Socialism in the USSR*, p. 43.

improving socialist production and on this basis ensuring the satisfaction of the growing needs of the entire society, is vividly manifested in the development of various forms of emulation for improving technology and its better use.

To ensure the cultural growth of our society and the comprehensive development of the physical and mental abilities of all its members, it is necessary, Comrade Stalin points out, "further, to introduce universal compulsory polytechnical education, necessary in order that members of society may have the opportunity to freely choose a profession and not be chained for life to some single profession"[193].

The directives of the 19th Congress of the Party on the fifth five-year plan envisage embarking on the implementation of polytechnical education in secondary schools and carrying out measures necessary for the transition to universal polytechnical education. Polytechnical education should familiarize the student with the fundamentals of modern science and production technology and give him the opportunity after graduating from school to freely choose a profession and specialize in the field that attracts him most; it will help our youth to more fully apply their diverse abilities for the benefit of society.

The necessity of polytechnical education, as Marx and Engels pointed out, stems from the very nature of large-scale industry, in which continuous improvement of technology and technological processes takes place. The improvement of

[193] Ibid., p. 69.

production technology and processes destroys the necessity of attaching workers to the performance of the same production operations. On the contrary, the necessity of ensuring the possibility of free choice and change of profession by members of society is increasingly dictated by the needs of the rapidly developing productive forces of socialist society. Polytechnical education is called upon to familiarize our rising generation with those general scientific principles on which production in any branch of the national economy is based. It is called upon to instill in secondary school students such skills as are necessary for every person, regardless of what profession he chooses subsequently. Along with mastering solid knowledge of the fundamentals of sciences, the young generation in secondary school will become acquainted with the fundamentals of technology and the basic principles of modern technology, will acquire labor skills necessary for the most diverse professions.

To ensure the comprehensive cultural growth of society, Comrade Stalin points out, "it is necessary, further, to radically improve housing conditions and raise the real wages of workers and employees by at least double, if not more, both through a direct increase in monetary wages and, especially, through the further systematic reduction of prices for mass consumption goods"[194].

In the USSR, in accordance with the basic economic law of socialism operating in our society, the well-being of the popular masses is steadily growing. The most important source

[194] J. Stalin, *Economic Problems of Socialism in the USSR*, p. 69.

of growth in the real incomes of working people is the consistent reduction of prices for mass consumption goods. Workers and employees in our country receive at the expense of the state social insurance benefits, social security pensions, annual paid leaves, free or heavily discounted passes to sanatoriums, rest homes, and children's institutions. The state provides all working people of town and country with free medical care, free education in primary and seven-year school, stipends to students, and pays allowances to mothers with many children and single mothers. The indicated payments and benefits to working people of town and country amounted to 129 billion rubles in 1952. Real incomes of workers and employees calculated per worker in 1951 were higher than in 1940 by approximately 57%, and real incomes of peasants calculated per worker were higher by approximately 60%. The directives of the 19th Congress of the Party on the fifth five-year plan envisage raising the real wages of workers and employees taking into account retail price reductions by at least 35%, and the growth of monetary and in-kind incomes of collective farmers (in monetary terms) by at least 40%.

Large-scale housing and communal construction is being carried out in the USSR. In the post-war years alone, residential buildings with a total area of over 155 million square meters have been built in cities and workers' settlements; over 3.8 million residential buildings have been built in rural areas. Even broader housing and cultural construction is outlined in the fifth five-year plan.

The cultural growth of society, the comprehensive development of the physical and mental abilities of all its

members, and the gradual elimination on this basis of the essential difference between mental and physical labor are, on the other hand, an important condition for the rapid growth and improvement of socialist production and the creation of an abundance of consumer goods, and on the other hand, one of the main conditions for turning labor from a heavy burden into life's prime requirement of man and the transition to the communist formula "from each according to his abilities, to each according to his needs".

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The Soviet people are successfully building a communist society. In the course of our society's progressive movement toward communism, the gap in the cultural and technical level of workers of physical and engineering-technical labor will gradually decrease more and more, and the essential difference between mental and physical labor will disappear. As we advance toward communism, ever greater opportunities will open up for members of our society for cultural growth ensuring the comprehensive development of their physical and mental abilities and the possibility of freely choosing a profession. Communist society will be a society of comprehensively developed people able to fully apply all their diverse knowledge and abilities. Under communism, the enslaving subordination of man to the division of labor, which chains man for life to some single profession, will completely disappear.

However, it does not follow from this that the elimination of the essential difference between mental and physical labor, i.e., the difference between them in the sense of a gap in the

cultural and technical level, will lead to the disappearance of also every difference between them. "...Some difference, although non-essential, will nevertheless remain, if only because the working conditions of the managerial personnel of enterprises are not identical with the working conditions of workers"[195].

It would also be incorrect to believe that upon transition to communism with the elimination of the remnants of the old division of labor, any social division of labor will disappear altogether. F. Engels wrote on this occasion that "the elimination of the old system of division of labor is by no means a requirement that can be implemented only to the detriment of labor productivity. On the contrary, thanks to large-scale industry, it has become a condition of production itself"[196]. Thus, communism presupposes only the elimination of previous forms of division of labor under which man is chained for life to some single profession. Freedom of choice of profession under communism precisely presupposes a planned, communist division of social labor.

We live in such a time when communism has become an immediate practical task of the creative work of the Soviet people. The path of advancement forward, to the shining peaks of communism, is illuminated for us by the genial teaching of Marx—Engels—Lenin—Stalin.

Questions of Philosophy, No.4, 1953.

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195 J. Stalin, *Economic Problems of Socialism in the USSR*, p. 29.

196 Friedrich Engels, *Anti-Dühring*, p. 278.

A. BACHURIN

ON PROFITABILITY IN SOCIALIST INDUSTRY

Thanks to its advantages, the socialist mode of production creates a new, higher form of solid and permanent profitability of industry and the entire national economy.

The steady growth of industrial production in our country is carried out at the expense of its own forces and means on the basis of internal sources of accumulation, plannedly used for the purpose of expanding production. Every year, the volume of capital investments increases, especially in industry. Over the years of the first Stalinist five-year plan, capital investments in the national economy amounted to 50.5 billion rubles, the second five-year plan — 137.5 billion rubles, and for the three years of the third five-year plan — 130 billion rubles. The volume of capital investments in the national economy increased particularly in the post-war years. Over 1946–1951, they amounted to about 500 billion rubles, including over 320 billion rubles in industry. During this period, about 7 thousand large state industrial enterprises were restored, built, and put into operation.

The continuous growth and improvement of production on the basis of advanced technology, the systematic increase of internal sources of accumulation, the rational and economical use of all elements of production, the planned development of the entire national economy, which knows no anarchy of

production and crises, ensure the highest form of solid and permanent profitability of socialist production.

"If we take profitability not from the point of view of individual enterprises or branches of production and not in the slice of a single year, but from the point of view of the entire national economy and in the slice of, say, 10–15 years, which would be the only correct approach to the question, the temporary and fragile profitability of individual enterprises or branches of production cannot bear any comparison with that highest form of solid and permanent profitability which is given to us by the actions of the law of the planned development of the national economy and the planning of the national economy, delivering us from periodic economic crises that destroy the national economy and inflict colossal material damage on society, and ensuring us the continuous growth of the national economy with its high rates"[197].

The highest form of solid and permanent profitability is possible only under the conditions of the socialist mode of production. It expresses the profitability of production from the point of view of the entire national economy for a more or less prolonged period.

Capitalist production is characterized by anarchy and chaos, by virtue of which unproductive expenditures and losses reach huge proportions. Noting this side of capitalist economy, V. I. Lenin wrote: "What an abyss of labor goes to waste at present from the bungling, the chaos of all capitalist production!"[198].

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[197] I. Stalin, Economic Problems of Socialism in the USSR. Gospolitizdat, 1952, pp. 24–25.

[198] V. I. Lenin, Works, vol. 20, p. 135.

Economic crises and wars inflict particularly great damage on the economy of capitalist countries. Over the years of the economic crisis of 1929–1933 and the subsequent depression, the capitalist economy suffered damage equal to that of the years of the First World War.

The goal of capitalist production is to obtain maximum profit. This is ensured through the exploitation, ruin, and impoverishment of the majority of the population of a given country, through the enslavement and systematic plunder of the peoples of other countries, especially backward countries, and finally, through wars and the militarization of the national economy. The plunder of peoples by monopoly capital inevitably leads to the aggravation of internal and external contradictions in the camp of imperialism, to the intensification of the general crisis of capitalism. Under conditions of monopoly capitalism, the anarchy of production is increasingly intensified, and economic crises become even deeper and more destructive.

Monopolies strive to invest their capitals primarily in those branches that yield the highest profit. Currently in the USA and other imperialist countries that have taken the path of unleashing war and intensifying the arms race, the military industry is the most profitable. The growth of arms production in these countries is accompanied by a reduction in the production of consumer goods, the closure of enterprises in a number of branches of civilian production, the growth of unemployment, and the intensification of the impoverishment of the working people.

In the socialist economy, the development of production is subordinated to the maximum satisfaction of the constantly growing material and cultural needs of the whole society. Under socialism, the sphere of operation of the law of value is limited. The proportions in the distribution of labor expenditures between various branches of socialist production and within these branches are determined by the actions of the basic economic law of socialism and the law of planned, proportional development of the national economy, and not by the law of value.

In his brilliant work "Economic Problems of Socialism in the USSR," Comrade Stalin showed that the assertion of certain economists that the law of value under socialism allegedly regulates the "proportions" of labor distribution between various branches of production is completely incorrect. "If this were true," I. V. Stalin points out, "then it is incomprehensible why we do not develop light industry full blast, as the most profitable one, in preference to heavy industry, which is often less profitable and sometimes completely unprofitable? If this were true, then it is incomprehensible why a number of as yet unprofitable enterprises of heavy industry, where the labor of workers does not give the 'proper effect,' are not closed down, and new enterprises of unconditionally profitable light industry, where the labor of workers could give a 'greater effect,' are not opened?"[199].

In his report on the results of the first five-year plan, Comrade Stalin, characterizing the advantages of socialist agriculture,

[199] I. Stalin, Economic Problems of Socialism in the USSR, p. 23.

pointed out that only people who understand nothing about questions of the national economy, about questions of economics, can talk about closing down certain unprofitable or insufficiently profitable enterprises. If we looked at profitability that way, we would have to develop full blast only certain branches of industry yielding the highest profitability, for example, confectionery, milling, perfumery, knitwear, the toy industry, etc. "But, firstly, they cannot be developed without equipment and fuel, which heavy industry gives them. Secondly, it is impossible to base industrialization on them... Profitability cannot be looked at in a huckster's way, from the point of view of the given minute. Profitability must be taken from the point of view of the all-people's economy over the span of several years. Only such a point of view can be called truly Leninist, truly Marxist"[200].

In the socialist economy, less profitable or as yet unprofitable enterprises of heavy industry are successfully used for the general upswing of the national economy. In the USSR, the efficiency of construction and production activity of a given enterprise is determined first of all on the basis of taking into account the requirements of the basic economic law of socialism and the law of planned, proportional development of the national economy.

At a number of socialist enterprises, the cost of production over a certain period can be equal to wholesale prices, and in individual cases even higher. For example, if enterprises master the production of a new type of product and the cost of

[200] I. Stalin, Works, vol. 13, p. 193.

production of items is relatively high for a certain period, in such cases it is not always expedient to establish higher prices for this product than the cost of production. Through the medium of the price policy, the Soviet State actively influences the reduction of product cost, mobilizing enterprises for the prompt mastery of technology and the improvement of qualitative indicators of enterprise work. The consistent reduction of wholesale prices for industrial products contributes to technical progress, the improvement of enterprise work methods, the implementation of the regime of economy, and the strengthening of cost accounting (hozraschet). Only a socialist society, in which the development of production is subordinated to ensuring the maximum satisfaction of the constantly growing material and cultural needs of the whole society, can implement a policy of systematic reduction of wholesale prices for industrial products, which is at the same time an important factor in lowering retail prices.

In the socialist economy, the profit of individual enterprises over a certain period only partially expresses their profitability. In a number of cases, enterprises whose level of profitability in a given period is lower than that of enterprises in other branches have greater national economic significance than enterprises with higher profitability. Socialist enterprises "do not need for their development," I. V. Stalin pointed out, "either a maximum of profit or an average rate of profit, but can confine themselves to a minimum of profit, and sometimes manage without any profit at all..."[201]. However, from this it by

[201] I. Stalin, Works, vol. 12, p. 130.

no means follows that raising the profitability of individual enterprises and branches of industry does not exert an influence on the growth of all social production and ensuring the solid and permanent profitability of the entire socialist economy.

In the socialist economy, the law of value does not have a regulating effect on production, but it nevertheless exerts an influence on production. The law of value exerts an influence on production through prices for consumer products, which are produced and realized as commodities and are necessary to cover the costs of labor power in the production process. In connection with this, questions of cost of production, price formation, cost accounting, profitability, etc., have topical significance at socialist enterprises. Every enterprise is obligated to lower the cost of production and raise the profitability of production. Raising profitability at individual enterprises and in branches of industry on the basis of improving their economic activity and lowering the cost of production contributes to increasing sources of accumulation and accelerating the rates of expanded reproduction, lowering prices, raising the real incomes of the population, and thereby ensuring the highest profitability of all socialist production.

The socialist state at all stages of development of the national economy took measures to raise the profitability of enterprises through the improvement of production, the reduction of product cost, and the curtailment of all kinds of unproductive expenses. Requirements are placed on economic organizations: to use labor, material, and monetary resources rationally and economically, to ensure the growth of intra-production sources of accumulation and the raising of production profitability.

Comrade Stalin teaches that "the profitability of individual enterprises and branches of production is of enormous importance from the point of view of the development of our production. It must be taken into account both in planning construction and in planning production. This is the ABC of our economic activity at the present stage of development"[202].

The systematic economy of living and materialized labor and the raising on this basis of the profitability of individual enterprises and branches of production, and thereby ensuring the highest profitability of socialist production, is one of the requirements of the law of the planned development of the national economy. This requirement is taken into account in the plans for the development of the socialist economy and is ensured on the basis of the constant introduction of advanced technology, raising labor productivity, and the unswerving implementation of the regime of economy. In connection with the new powerful upswing of the national economy in the course of implementing the fifth five-year plan, the struggle for the regime of economy, for lowering production costs and raising the profitability of each enterprise acquires even greater significance.

In the industry of the USSR, the current profitability of enterprises is determined by the ratio of profit to full or so-called commercial cost of production. The profit of socialist enterprises differs radically in its character from the profit obtained by capitalists as a result of the exploitation of wage workers. In the socialist economy, profit is not connected with

[202] I. Stalin, Economic Problems of Socialism in the USSR, p. 56.

exploitation. Being one of the forms of net income of the socialist economy, it is used for accumulation and the satisfaction of other needs of the whole society. In accordance with approved financial plans (balances of income and expenditure), profit is directed toward increasing own working capital in connection with the expansion of production, toward financing capital works, and toward the formation of the director's fund. In the presence of super-plan profit, a part of it is channeled into the director's fund, and a part — into the payment of bonuses according to the all-Union socialist emulation. The remaining part is remitted to the state budget of the USSR and is used to satisfy nationwide needs.

The size of profit at socialist enterprises depends on how the production program and the task of reducing product cost are fulfilled. The growth of profit as a result of the systematic increase of production and reduction of product cost enables the Soviet State to consistently lower wholesale and retail prices. A decisive role in raising the profitability of socialist enterprises is played by the reduction of product cost.

The size of profit depends on the level of enterprise wholesale prices and full cost of production, which expresses the enterprise's expenditures on the production and realization of a given type of product (material expenditures, wage expenses, transport expenses, etc.). In order to ensure the raising of profitability, it is necessary to unswervingly lower product cost through raising labor productivity, economizing on raw materials, materials, fuel, and electric power, cutting overhead expenses, and improving the utilization of equipment.

Product cost is the most important element of enterprise wholesale prices. Profit is also a part of these prices. Enterprise wholesale prices are, as a rule, uniform for a single type of product. This facilitates the planning of industrial production, the calculation of its cost, and contributes to the most rational projection of capital construction. The establishment of wholesale prices taking into account medium-progressive indicators of cost mobilizes enterprises to improve production organization and strengthen the struggle for economy.

At plants mastering a new type of products, the level of their cost during mastery is relatively high, and wholesale prices for them are established with a profitability of 3–4 percent or less, taking into account a significant cost reduction in the near future. Through the establishment of a certain level of wholesale prices for individual products, the enterprises' interest in the most economical and rational use of high-quality or distant-imported materials is raised. The task of strengthening cost accounting and raising the solid and permanent profitability of socialist production is met by such a size of enterprise profit that stimulates the improvement of its economic activity, the reduction of cost, and thereby contributes to price reduction. In branches of industry with a higher level of monetary accumulations, it is necessary to divide them into two parts — profit and turnover tax. Such a division of monetary accumulations ensures the timely and uninterrupted financing in a centralized manner of measures established by the plan, and also stimulates the improvement of the production and financial activity of cost-accounting enterprises. The partial use of profit for enterprise needs is a

necessary condition of cost accounting. Turnover tax, unlike profit, goes entirely into the state budget as products are realized and is used to finance nationwide needs.

Turnover tax and profit constitute the main part of the net income of the socialist economy, which is created by workers of material production in the process of labor given to society for the expansion of production, for education, public health, the formation of reserves, and for other public needs. The growth of profit and turnover tax is conditioned by the unswerving expansion of production and the reduction of product cost.

Turnover tax comes predominantly from branches of industry producing items of personal consumption. This is connected with the features of commodity production and price formation in the USSR.

In a socialist society, the sphere of operation of commodity production is limited to items of personal consumption. The operation of the law of value extends primarily to commodity circulation, to the exchange mainly of items of personal consumption through purchase and sale. Here, in this sphere, the law of value retains for itself, Comrade Stalin teaches, of course within certain limits, the role of a regulator. Prices for consumer goods are established by the state taking into account the value of these goods, as well as the demand for them and the necessity of its planned satisfaction. Despite the general correspondence of prices of the aggregate mass of consumer goods to their value, prices for individual goods may be higher or lower than value. In connection with this, the share of monetary accumulations in the price of various goods is

unequal. In branches producing items of personal consumption, the level of net income appearing in monetary form is higher than in branches of heavy industry.

In the turnover tax, not only a part of the net income of industrial branches producing consumer goods appears, but also of branches whose products are used as means of production for the production of items of personal consumption. The value of goods is formed from the expenditures of living and materialized labor. Since enterprises producing items of personal consumption receive means of production from the state in many cases at prices close to their cost, a part of the net income created by workers of economic branches producing means of production also appears in the price of goods realized taking into account their full value.

Unlike items of personal consumption, means of production and first of all instruments of labor produced at state enterprises are not bought and sold as commodities. They are distributed by the state among enterprises. When distributing means of production, the state, as a rule, does not lose the right of ownership to them.

"...In the sphere of economic turnover within the country," Comrade Stalin points out, "means of production lose the properties of commodities, cease to be commodities and go beyond the sphere of operation of the law of value, retaining only the external shell of commodities (calculation, etc.)"[203].

[203] I. Stalin, Economic Problems of Socialism in the USSR, p. 53.

Prices for means of production are not regulated by the law of value. In branches of heavy industry producing means of production, the price level does not depend on demand either, since means of production are not sold to any buyer, but are distributed by the state. In connection with this, wholesale prices for means of production serve primarily the purposes of cost accounting and stimulating the reduction of product cost in all branches of production. To stimulate technical progress, lower the cost of capital construction, accelerate the turnover of funds in the national economy, and for the purposes of cost accounting, prices for means of production are established with a small excess over cost. As cost decreases, wholesale prices for means of production decrease, which also contributes to lowering retail prices for broad consumption goods. In branches of heavy industry, net income takes mainly the form of profit, which characterizes the profitability of enterprises and corresponding branches of heavy industry.

In light industry, along with profit, turnover tax enters. However, turnover tax, the source of which is the net income of branches of light industry and other branches of the economy, cannot be fully attributed to the results of work of a separate enterprise or to this or that type of product into whose price it enters. Deviations of prices from value for individual goods must also be taken into account. In connection with this, the profitability of production of individual types of products, as well as enterprises in branches of light industry, is determined in practice by the ratio of profit to product cost.

From the first days of the establishment of Soviet power, our party and government paid great attention to the introduction

and strengthening of cost accounting, lowering product cost, and ensuring the profitable work of state enterprises. During the period of transition to the new economic policy, the transfer of industrial enterprises to cost accounting was carried out on a mass scale, contributing to the reduction of production costs and the raising of profitability. V. I. Lenin wrote that "trusts and enterprises on cost accounting are based precisely in order that they themselves answer and moreover fully answer for the profitability of their enterprises"[204].

The growth of industry's incomes in the form of profit was a necessary condition for the restoration and development of industrial production, since this task could be solved only at the expense of its own means and forces, through the all-out mobilization and economical use of internal sources of accumulation. "Only that industry can prove victorious," it was pointed out in the resolution of the 12th Party Congress, "which gives more than it absorbs. An industry living at the expense of the budget, i.e., at the expense of agriculture, could not create a stable and lasting support for the proletarian dictatorship"[205].

The party of Lenin–Stalin waged a resolute struggle against the counter-revolutionary sorties of the Trotskyites, who tried to raise prices on industrial goods and thereby hinder the country's industrialization and undermine the alliance of the working class with the peasantry. From the very beginning, the Soviet State took a course toward lowering product cost and

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204 V. I. Lenin, Works, vol. 35, p. 468.

205 "The RCP(b) in Resolutions and Decisions of Congresses, Conferences, and Plenums of the CC", part 1, 1940, p. 477.

selling prices for industrial products. In the period from October 1, 1923, to October 1, 1924 alone, prices for industrial products were reduced on average by 30%. On the basis of raising labor productivity and rationalizing the work of industry, a significant reduction in product cost was achieved: in 1923/24 (compared to the previous year) — by 17%, and in 1924/25 — by 13.5%.

The successful solution of the task of socialist industrialization of the country was facilitated by the consistent implementation of the regime of economy. In April 1926, the Central Committee of the CPSU(b) pointed out that the implementation of the regime of economy "cannot be regarded as a short-term campaign of the day. Only through a prolonged campaign, only through the firm establishment from top to bottom of the regime of economy can it be achieved to put on a proper footing the matter of socialist accumulation necessary for the deployment of our industry, which is the basis of socialist construction"[206].

Comrade Stalin, developing the Marxist-Leninist theory of reproduction, uncovered the nature of internal sources of socialist accumulation, showed the ways and methods of their maximum mobilization and rational use for industrialization and the construction of socialism in our country. Guided by the instructions of I. V. Stalin, the Communist Party consistently led and leads the struggle for the regime of economy, the reduction of product cost, and the raising of profitability in all branches of the national economy. In the period from 1926 to

[206] M. Saveliev and A. Poskryobyshev. Directives of the CPSU(b) on Economic Questions. 1931, p. 299.

1930, savings from the reduction of industrial product cost amounted to more than 7 billion rubles.

During the years of the first and second Stalinist five-year plans, on the basis of raising labor productivity, more economical expenditure of material means, curtailment of losses and overhead expenses, intra-production sources of accumulation increased by tens of billions of rubles. During the years of the second five-year plan, as a result of the improvement of qualitative indicators of work, the curtailment of unproductive and overhead expenses in industry, its incomes increased by 18–19 billion rubles.

The colossal scale of capital construction in our country required not only increasing old sources, but also prospecting for new sources of accumulation. In 1931, Comrade Stalin pointed out: "...We must achieve a situation where heavy industry and above all its machine-building part also yields accumulations"[207].

The task set by Comrade Stalin was solved through the constant expansion of production, the raising of labor productivity, the reduction of product cost, the introduction and strengthening of cost accounting at all enterprises. Raising the profitability of heavy industry was an important factor in increasing the interest of managers and workers of enterprises in the consistent improvement of qualitative indicators of enterprise work. As a result, in pre-war years the net income of socialist industry increased significantly. The share of profit

[207] I. Stalin, Works, vol. 13, pp. 75–76.

and turnover tax in the total financial resources of the country during the years of the second five-year plan rose to 70.4% against 51.1% in the first five-year plan. This was facilitated by the reduction of product cost. Thus, in branches of heavy industry over the years of the second five-year plan, product cost decreased by 27%, including in machine building by 45%. In 1937, 40% of all profit of union industry was provided by branches of heavy industry against 27.2% in 1928/29. As a whole across the national economy, the profit of socialist enterprises grew from 3.5 billion rubles in 1931 to 14.5 billion rubles in 1937.

On the basis of the wide deployment of emulation, the introduction of new technology, the improvement of technology and production organization, during the years of the third five-year plan the qualitative indicators of industry's work continued to improve, and enterprise profitability rose. Over 1938–1940, labor productivity in industry grew by 32%. Product cost in machine building decreased by 25%. In 1940, profit in the national economy amounted to 33.3 billion rubles.

After the Great Patriotic War, the reduction of product cost and the raising of industrial profitability acquired even greater significance.

The Law on the Five-Year Plan for the Restoration and Development of the National Economy of the USSR for 1946–1950 provided for raising the significance of profit and cost accounting as an additional stimulus for production growth. The task was set to raise the profitability of all branches of industry through cost reduction, to increase the attention of economic organizations to the mobilization of internal

resources, to the regime of economy, and the resolute elimination of losses from mismanagement and unproductive expenditures.

Over the years of the fourth five-year plan, on the basis of the introduction of new technology, the growth of qualifications, and the development of the creative initiative of workers, labor productivity in industry grew by 37% compared to 1940. The task set by the five-year plan for reducing product cost was fulfilled as a result of improved equipment utilization, more economical expenditure of raw materials and materials, reduction of losses and waste, increase of labor productivity, and acceleration of the turnover of working capital.

As a result of the successful development of industry, significant reduction of product cost, and the implementation of the wholesale price reform, already in 1949–1950 the system of state subsidies in industry was basically eliminated, which contributed to strengthening cost accounting and raising the solid and permanent profitability of socialist production. In the post-war years, new forms of socialist emulation for increasing super-plan accumulations, for reducing product cost on each production operation, for better utilization of fixed assets, for accelerating the turnover of working capital received wide development.

All this made it possible not only to create conditions for profitable work in all branches of industry, but also to carry out a reduction of wholesale and retail prices for consumer goods. Thus, over 1950–1952, wholesale prices in heavy industry and freight transport tariffs were reduced on average by almost 30%. In the post-war years, retail prices for mass consumption

goods were reduced six times; in 1952, the level of retail prices as a result of their fivefold reduction was on average 2 times lower than at the end of 1947.

From April 1, 1953, retail prices were reduced on essentially all food and industrial goods of mass consumption. This sixth state retail price reduction gives the working people of our country one of the largest benefits the population has received from price reductions in all post-war years.

As a result of this price reduction, through state and cooperative trade alone, the direct benefit to the population will amount to 46 billion rubles per year. If we take into account that the reduction of state prices will also cause a price reduction on the collective farm market by no less than 7 billion rubles, the total benefit to the population will amount to no less than 53 billion rubles.

The average level of profitability of industrial enterprises in the post-war years exceeded the profitability level of the pre-war year 1940. The profitability of heavy industry enterprises rose significantly thanks to the consistent reduction of product cost and the improvement of qualitative indicators of work. As a result, profit in the national economy increased in 1950 to 65.5 billion rubles against 22.1 billion rubles in 1946, and in 1951 it rose to 74.7 billion rubles. According to the 1952 plan, profit was projected in the amount of 88.1 billion rubles. Receipts of turnover tax also increased. The growth of incomes from socialist enterprises enabled our state to make huge investments in economic and cultural construction during the years of the fourth five-year plan. Over 1946–1950, state budget expenditures on the national economy and cultural

development amounted to 1,232.8 billion rubles, which is almost 2 times higher than the corresponding expenditures for all years of the three pre-war five-year plans. In addition, large funds for the development of the national economy and culture were channeled directly by enterprises at the expense of profit and the mobilization of other sources.

The history of the development of socialist industry shows that the struggle for cost reduction and the raising of profitability of enterprises and individual branches has always been subordinated to the requirements of the basic economic law of socialism and the law of planned, proportional development of the national economy. As a result, the highest profitability of socialist production steadily rose and a systematic growth of the people's well-being was ensured.

The raising of profitability in socialist industry made it possible to much increase capital investments and lower wholesale and retail prices for industrial products. However, opportunities for reducing product cost, raising profitability, and increasing net income are not yet fully utilized in the national economy. "...Behind the general indicators of good work of industry as a whole is hidden the poor work of many enterprises that do not fulfill state assignments, because of which the national economy under-receives a certain amount of production"[208].

One of the reasons for the non-fulfillment of production plans by a number of enterprises is the unpaced output of products during the month, as a result of which production capacities are

[208] G. Malenkov, Report to the 19th Party Congress on the Work of the Central Committee of the CPSU(b). Gospolitizdat, 1952, p. 43.

not fully utilized, and overtime work takes place, leading to overexpenditure of wage funds and increased product cost. Thus, in 1952 at a number of enterprises of the USSR Ministry of Heavy Machine Building, up to 70% of the monthly output program was produced in the third ten-day period.

Frequently enterprises do not fulfill production plans for the output of products of proper quality and in the established assortment. On the scale of the entire national economy, this leads to large unproductive expenditures, the non-fulfillment of plans by other enterprises, and the raising of their product cost.

In some branches of industry that are generally lowering product cost and raising production profitability, there are still unprofitable enterprises (in light industry, the coal industry, certain branches of machine building, etc.). For example, the Tbilisi factory "Gruztrikotazh" in 1952 overexpended over 5 tons of yarn, and its losses amounted to 400 thousand rubles. At a number of enterprises of the fish industry, a proper struggle for cheapening production, eliminating losses and unproductive expenses is not yet being waged. On the whole, in 1951 losses and unproductive expenses across enterprises of union industry amounted to 4.9 billion rubles, including losses from defective work of 3 billion rubles.

Overexpenditures resulting from shortcomings in labor organization and violations of staffing discipline have not yet been eradicated. Significant overexpenditures on wages and overhead expenses are permitted by construction organizations, which in many cases do not fulfill the plan for reducing construction costs. In 1951, over-norm overhead expenses in construction amounted to over 1 billion rubles; construction

organizations incurred losses in the amount of 2.5 billion rubles for that year instead of the planned profit of 2.9 billion rubles.

Over the past 2–3 years, on the basis of the wide deployment of socialist emulation, the utilization of working capital has improved and its turnover has accelerated. This was facilitated by the improvement of the practice of rationing material values and the strengthening of control by financial agencies over the use of working funds. However, control over the utilization of fixed assets has been set up poorly. Many ministries, as Com. G. M. Malenkov pointed out at the 19th Party Congress, when determining the capacity of enterprises, align themselves with "bottlenecks" of production, and frequently apply understated norms of equipment productivity. In the Donbass at the mines of the Voroshilovgradugol combine in 1952, design capacities were utilized only to 63.5%, and at the mines of the Kadiyevugol trust — to 42.6%. Significant production reserves and product cost reduction reserves also existed in 1952 in the Kuzbass, where machines and mechanisms were not fully utilized. Large reserves for further production growth and profitability raising through the improvement of production capacity utilization exist in the metallurgical and other branches of industry. For example, the coefficient of utilization of the useful volume of blast furnaces at the Dzerzhinsky plant amounted to 0.83 for the nine months of 1952, at the Makeyevka plant — 0.87, at the Yenakiyevo plant — only 0.93, while operating conditions at these plants are approximately identical.

At many machine-building plants, unproductive expenses that make products more expensive are large. Thus, at the

"Pod'yomnik" plant, unproductive expenses and losses from defective work in 1952 increased by almost 2 times compared to 1951.

Product cost can be significantly reduced as a result of the wider introduction of technically sound output norms into industry. But up to now, in a number of branches of industry, technically sound norms constitute less than half of the operating output norms. This leads to overexpenditures of the wage fund, inflating product cost.

On the initiative of the collective of the New Kramatorsk Stalin Plant, socialist emulation unfolded among machine builders for reducing the weight of machines. The further development of this emulation will make it possible to save a large amount of metal, reduce product cost, and raise the profitability of machine-building plants. Up to now, many enterprises expend an unequal amount of metal for the production of analogous products. Thus, the Tashkent plant produces single-bucket excavators weighing 24.2 tons, while identical excavators manufactured by the Kovrov plant weigh 21.5 tons. At the Stalingrad plant, the engine block of the "DT-54" tractor is 15 kg heavier than the same tractor block at the Kharkov plant.

All this testifies to the fact that in the national economy there are large reserves and opportunities for further cost reduction and raising the profitability of enterprises and branches of industry.

The fifth five-year plan for the development of the USSR set the task of further reducing product cost and increasing socialist accumulations on this basis.

In 1953, profit in branches of the national economy will increase due to production growth and further reduction of product cost. Profit will increase significantly in branches of heavy industry. However, along with profit growth in industry as a whole and in its individual branches, there are still insufficiently profitable enterprises, and some even unprofitable ones. This is also observed in those branches of industry where net incomes take the form of profit and turnover tax. In connection with this, along with cost reduction, questions regarding the ratio of profit deductions and turnover tax in the price of goods, the level of profit at enterprises and in individual branches of industry, the use of profit to satisfy planned enterprise needs, etc., have topical significance. In light industry, for example, enterprises as a rule receive profit. But there are also unprofitable enterprises, especially in republican industry. At enterprises of union industry producing identical products, the level of cost and profitability is different. Differences in the level of profit of light industry enterprises producing analogous products, as well as enterprises of a number of other branches, are conditioned to a significant degree by the differing capacity of enterprises and their dissimilar equipment outfitting.

Currently, the replacement of old equipment with new, more productive equipment is being carried out on a wide scale. In the post-war period, tens of thousands of new machines and machine tools have been installed in light industry. Through the further mechanization and automation of production, the introduction of flow methods of work, labor expenditures per unit of product are decreased and the technological process of

production is improved. This contributes to lowering product cost and raising enterprise profitability. As a result of the expansion of operating enterprises and the ubiquitous introduction of more productive equipment, differences in operating conditions and in the cost level of identical products at uniform-type enterprises are increasingly erased. Still, certain differences in the level of profitability of enterprises producing analogous products will remain, and they cannot be ignored when establishing wholesale prices and the ratio between profit and turnover tax in a given branch.

When planning wholesale prices for individual types of products of the corresponding branch, the necessity of ensuring enterprise profitability must be taken into account. Stimulating the increase in output of high-quality products through wholesale prices is also of great importance.

It must be noted that these requirements are not always taken into account in practice in some branches. At a number of enterprises, profit is excessively high, and this does not mobilize workers to reduce costs; at the same time, other enterprises fulfilling cost reduction assignments are insufficiently profitable or even unprofitable. Frequently this is connected with shortcomings in planning enterprise wholesale prices. Incorrect planning of wholesale prices and profit levels leads in a number of cases to unjustified differences in the profitability of individual product types at the very same enterprise. As a result, some enterprises overfulfill the plan for the most profitable assortment and do not fulfill it for product types that have no lesser, and perhaps even greater, significance for the national economy than highly profitable

product types in the given period. Such a practice does not meet the requirements of the law of the planned development of the national economy and the task of raising the highest profitability of socialist production. Profit must stimulate cost reduction for each type of product.

Of great importance for strengthening cost accounting is also raising the share of profit and other internal sources in financing capital construction and the growth of own working capital of economic organizations. The share of profit left for the needs of the national economy in 1952 was supposed to constitute (according to plan) 29.6% against 21.8% in 1948 and 25.4% in 1946. If the greater part of profit is channeled into capital construction and the growth of working capital of a given enterprise or branch, the interest of workers and enterprise managers in reducing product cost increases.

In those cases when profit is almost entirely remitted to the budget, and needs for capital investments and growth of working capital are financed from the budget, enterprises are less interested in raising profitability. In a number of branches of industry there are opportunities for further increasing the use of profit to finance capital construction and the growth of working capital. Thus, at enterprises of the food industry of the USSR in 1952, with a general increase in profit and the size of deductions from it to the budget, the share of profit in financing working capital growth decreased compared to 1951. The same situation existed at enterprises of the meat and dairy industry of the USSR. It is also possible to raise the size of profit in financing expenditures on production expansion in these

branches of industry by changing the ratio between profit and turnover tax.

The question of maximally restricting the unscheduled redistribution of profit among enterprises by ministries and their main administrations (glavks) deserves attention, since financial reserves have been created in ministries to assist enterprises in need of temporary replenishment of working capital. Frequently, glavks carry out unscheduled redistribution of funds based on their actual presence in the enterprise's account, without taking into account the strict fulfillment of income and expenditure balances (financial plans) of enterprises. Thereby, the interest of enterprises in overfulfilling the profit plan is lowered.

Well-working enterprises in a number of cases experience financial difficulties and find themselves in a worse position than enterprises that do not fulfill profit plans. The redistribution of funds must be carried out in accordance with approved income and expenditure balances of enterprises and taking into account their fulfillment of economic plans. It is necessary to establish a clear order and firm deadlines for transferring the profit of some enterprises to cover expenses or working capital needs of other enterprises. This will make it possible to raise the interest of each enterprise in fulfilling and overfulfilling the income plan and will strengthen financial discipline.

The 19th Party Congress set before workers of all branches of industry the task of improving the utilization of fixed assets, material resources, and labor force, cutting all kinds of losses and unproductive expenses, and unswervingly implementing

the regime of economy in all sectors of economic construction. The attention of economic managers is directed toward prospecting for and utilizing hidden reserves lurking in the depths of production, toward systematically improving production methods. This should lead to a further growth of profitability and a reduction of product cost in all branches of industry.

In the fifth five-year plan, industrial product cost must be reduced by approximately 25%, the cost of MTS tractor work — by 25%, railway transport — by 15%, retail trade circulation costs — by 23%. Measures are being implemented to sharply reduce costs for procurement, storage, and marketing of agricultural products, as well as overhead expenses of marketing organizations. The party and government pay great attention to reducing construction costs. Over the five-year plan, the cost of construction work must be reduced by no less than 20%. All this should lead to raising production profitability and subsequent reduction of wholesale prices for industrial products, which will contribute to the implementation of technical progress, lowering costs for new construction, increasing material and technical assistance to collective farms, as well as lowering retail prices for broad consumption goods. Therefore, the wide masses of working people are interested in raising enterprise profitability. The struggle for economy and product cost reduction is in our country one of the most important forms of nation-wide socialist emulation. The further development of this emulation is an important condition for a new upswing of industry and raising the profitability of socialist production.

Questions of Philosophy, No. 4., 1953.

SCIENTIFIC SESSION DEDICATED TO I. V. STALIN'S WORK 'ECONOMIC PROBLEMS OF SOCIALISM IN THE USSR'

A scientific session of the Department of Economics and Law and the Institute of Economics of the USSR Academy of Sciences, dedicated to I. V. Stalin's work 'Economic Problems of Socialism in the USSR', took place on January 7-10, 1953. A total of 12 reports and 16 contributions in discussions were heard.

The work of the session, which aroused great interest among the scientific community, was attended by economists from Moscow and a number of other cities—about a thousand people in total. The session directed the attention of economic researchers toward the creative elaboration of the problems of the political economy of socialism and contemporary capitalism. The session stimulated a lively exchange of views and took place in an atmosphere of further unfolding scientific criticism and self-criticism.

Comrade Stalin's work 'Economic Problems of Socialism in the USSR', stated K. V. Ostrovityanov, Corresponding Member of the USSR Academy of Sciences and Director of the Institute of Economics of the USSR Academy of Sciences, in his introductory speech, is a greatest contribution to the treasury of Marxism-Leninism and marks a new stage in the development of political economy. In this work, Comrade Stalin investigated questions of the production and distribution of material goods in socialist society, comprehensively elaborated and substantiated the paths for the gradual transition from socialism to communism, and also provided a Marxist analysis of the further deepening of the general crisis of the world capitalist system.

Of enormous significance for the theory and practice of

communist construction is Comrade Stalin's comprehensive substantiation of the objective character of the economic laws of socialism. Comrade Stalin dealt a crushing blow to the subjectivist and idealistic views that had wide currency among economists, philosophers, and jurists. From these views it followed that the socialist state could abolish, create, and transform economic laws, and that socialist planning was an economic law. The most vivid expression of subjectivist, idealistic views on the role of the state and the plan was found in N. Voznesensky's anti-Marxist booklet 'The War Economy of the USSR in the Period of the Patriotic War'.

In Comrade Suslov's article 'Regarding P. Fedoseev's Articles', published in 'Pravda', it was correctly pointed out that the journal 'Voprosy Ekonomiki' played an unenviable role in disseminating alien, subjectivist conceptions regarding the political economy of socialism that were hostile to Marxism. It published a laudatory review by G. A. Kozlov of Voznesensky's booklet; in K. V. Ostrovityanov's article 'Socialist Planning and the Law of Value' and a number of other articles published in this journal, Voznesensky's booklet was widely cited, and idealistic propositions concerning planning as an economic law of socialism were put forward. Comrade Ostrovityanov admitted that as Editor-in-Chief of the journal 'Voprosy Ekonomiki' and as the author of a number of articles with subjectivist orientations on planning issues, he bears responsibility for the propaganda of these orientations, which hindered the scientific elaboration of the problems of the political economy of socialism. Subjectivist orientations were contained in a number of works and speeches by Institute of Economics staff members Comrades Anchishkin, Maslova, Gladkov, Kronrod, and others. Comrade Anchishkin asserted that state policy constitutes the content of the economic laws of socialism, while Comrade Maslova wrote that the state 'forms' new economic laws. Comrade Kronrod gave a laudatory

assessment of Voznesensky's booklet and in his works propagated the idea of planning as an economic law of socialism. Comrade Gladkov in his work 'Essays on the Construction of the Soviet Planned Economy in 1917-1918' even attempted to attribute subjectivist orientations to the classics of Marxism-Leninism.

I. V. Stalin showed that the economic laws of socialism possess an objective character; they exist independently of the will and consciousness of people. Old laws lose their force and yield place to new laws thanks to new economic conditions. Comrade Stalin showed that society is not powerless in the face of these laws. Having cognized these laws and relying upon them, society can restrict the sphere of their action and utilize them in the interests of society.

I. V. Stalin criticized those economists who extend economic categories proper to capitalism into the socialist economy. The economist Merzenev asserted that under socialism the categories of commodity and labor power exist. I. V. Stalin proposed discarding such concepts taken from Marx's 'Capital' as 'necessary' and 'surplus' labor and others like them, since they no longer correspond to socialist production relations. Having substantiated the objective character of the economic laws of socialism, Comrade Stalin placed the study of the political economy of socialism on a strictly scientific basis. Of colossal significance for the development of the political economy of socialism is Comrade Stalin's discovery and substantiation of the basic economic law of socialism, which provides a key to understanding and explaining the regularities of the socialist mode of production. This scientific discovery by Comrade Stalin places the political economy of socialism

on a firm methodological foundation.
Prior to the publication of I. V. Stalin's work 'Economic Problems of Socialism in the USSR', the political economy of socialism lacked a logically coherent system for expounding the laws of socialist economy. While the exposition of the laws of the political economy of capitalism was based on the strict sequence and iron logic of Marx's 'Capital', a high degree of arbitrariness reigned in the exposition of the laws of the socialist economy. Economists argued endlessly about what should be classified as laws and how many of them there were, and arbitrarily shifted them from place to place.
The basic economic law of socialism serves as that main connecting link which makes it possible to construct a logically coherent system of the laws of socialist economy.
The basic economic law links all economic laws into a single, logically coherent system. Within this system, each law has a definite place determined by its connection with the basic economic law and other laws of socialism.
The law of planned, proportional development of the national economy requires mutual coordination and proportionality in the development of all branches of the national economy and enterprises, and the most rational and effective utilization of the means of production, labor, and financial resources.
The law of planned development is in a definite interrelation with the basic economic law of socialism. The law of planned development does not set the goal of socialist production. This goal is provided by the basic economic law of socialism in the form of its requirements, which determine the character of national economic proportions.
Comrade Stalin drew a clear distinction between the law of

planned development and planning. The law of planned development of the national economy provides planning bodies with the opportunity to correctly plan social production. But in order to turn this possibility into reality, it is necessary to study the law of planned development of the national economy, master it, learn to apply it with full knowledge of the matter, and draw up plans that fully reflect the requirements of this law.

I. V. Stalin's elaboration of the basic economic law of socialism and the law of planned development greatly enriches the economic theory of socialism. Comrade Stalin shows the interrelation between these laws and defines the place of each in the system of laws of the socialist economy. Comrade Stalin's work ideologically arms practical workers, setting them the task of studying the requirements of the law of planned development of the national economy and the basic economic law of socialism in application to specific historical conditions, and the task of establishing national economic proportions not craft-style and gropingly, but with full knowledge of the matter.

Great confusion reigned among economists regarding commodity production and the law of value under socialism. In Comrade Stalin's work, this question received a deeply scientific resolution on the basis of summarizing the practice of communist construction. I. V. Stalin substantiated the necessity of commodity production and the law of value starting from the two forms of socialist production, proved that the sphere of commodity production and the operation of the law of value is limited mainly to consumer goods, and that the law of value is not a regulator of production. The law of value merely exerts

influence on production through consumer products necessary to cover labor power expenditures in the production process and realized as commodities. Proceeding from this, I. V. Stalin provided a deeply scientific substantiation for the necessity of applying cost accounting (hozraschet), and the necessity of taking into account the profitability of enterprises and branches in the socialist economy.

Concluding speeches and final summary remarks by K. V. Ostrovityanov, Corresponding Member of the USSR Academy of Sciences, summing up the session's work and emphasizing the mandate to reorganize economic research and education in accordance with the theoretical foundations laid down by I. V. Stalin.

Questions of Economics, No.4, 1954.

V. OVCHINNIKOVA

ON PRODUCTION AND ECONOMIC SUCCESSES OF AMALGAMATED COLLECTIVE FARMS

New successes in socialist agriculture vividly demonstrate the immense progressive importance of the amalgamation of small collective farms, carried out on the initiative of the party and government, with the unanimous support and approval of the entire collective farm peasantry.

The amalgamation of small collective farms was an economic necessity and played a major role in the further upswing of the productive forces of USSR agriculture.

As a result of the amalgamation of collective farms, the most favorable conditions have been created for successfully solving the main task in agriculture—raising the crop yields of all agricultural crops, further increasing the public livestock population with a simultaneous significant rise in its productivity, and increasing the gross and marketable output of crop farming and animal husbandry through the further strengthening and development of the public economy of collective farms, improving the work of state farms and MTS on the basis of introducing advanced machinery and agronomic culture into agriculture.

The increased size of the farms determines a higher level of concentration of collective farm production and collective labor. The average size of collective farms in terms of land area, livestock population, and volume of production has increased. In every collective farm, there are now significantly more able-bodied workers, the workload per worker is

distributed more evenly, and the degree of socialization of labor has grown. The material and production base in each collective farm has become even more powerful, capable of satisfying the multi-faceted needs of the farm. Opportunities for the multi-branch development of the public economy of collective farms have expanded.

According to data as of October 1952, the number of amalgamated collective farms in the country stood at 97 thousand, instead of 254 thousand small collective farms on January 1, 1950. The average provision of a collective farm with arable land increased from 672 hectares (as of Jan 1, 1950) to 1,710 hectares (as of Oct 1, 1951). In the Central Black Earth regions, the arable land area per collective farm now averages 1.5–2 thousand hectares; in the Non-Black Earth belt—700–1,000 hectares; in the Volga Region and Western Siberia (Altai Krai)—2.5–3 thousand hectares; in Ukraine—2.5 thousand hectares; and in Moldavia—1.4 thousand hectares. Before amalgamation, the main group by total land area in Krasnodar Krai consisted of collective farms with an area of 2,001 to 4,000 hectares (46%) and from 1,001 to 2,000 hectares (35%); by the number of households, collective farms with 101 to 200 households made up 43%, and those with 201 to 400 households—35%. After amalgamation, the main group (52%) is made up of collective farms with a total land area of over 6,000 hectares, and 32% with an area of 4,001 to 6,000 hectares; by the number of households, the main group (58%) consists of collective farms with over 400 households. On average, the krai's collective farms increased 3 1/3 times in land area and number of households after amalgamation.

Along with the concentration of land use, substantial changes also occurred in the power equipment ratio and the intensification of collective farm production. Now, per single collective farm and per unit of area, there are more basic means of production, more power resources, and more agricultural

machines and implements. Moreover, the growth in the concentration of the latter outpaced the concentration of land use, which bears witness to a further rise in the level of intensification. Thus, for example, in Sovetsky District of Krasnodar Krai, basic means and power resources after collective farm unification increased 5-fold per collective farm, with a 3-fold growth in land area. By virtue of this, per 100 hectares of agricultural land, there became 1.6 times more basic means and 1.5 times more power resources. This process is observed everywhere.

On the basis of the further development of MTS, the power capacity of collective farms also increased. Thus, for every 100 hectares of arable land in Krasnodar Krai, there are 17.7 horsepower (tractors and combines alone), compared to 10.6 in 1949. Per able-bodied collective farmer, there are 1.3 horsepower—that is, more than double compared to 1949.

On the fields of amalgamated collective farms, a large number of machines belonging to MTS work simultaneously: tractors, grain harvesters, and various agricultural machines. On the fields of the Stalin Collective Farm, Kamyshevatsky District, Krasnodar Krai, 87 tractors, 39 combines, 12 cotton harvesters, and hundreds of other machines operate. On the fields of the Kaganovich Collective Farm, Novo-Annensky District, Stalingrad Region, 25 tractors and 10 combines operate.

As a result of the amalgamation of small collective farms:

1) The level of production concentration and the degree of socialization of the means of production and labor have significantly risen;

2) The average sizes of collective farms in terms of land area and production volume have increased several-fold;

3) The power capacity and technical equipment of amalgamated collective farms have greatly increased;

4) Intra-farm branches—crop farming, livestock farms, orchards, truck gardens, etc.—have been consolidated;

5) The conditions of organization of collective farm territory have substantially changed.

On the basis of technical progress and as a result of collective farm amalgamation, the necessary conditions and crucial prerequisites have been created for implementing complex mechanization in all branches of agricultural production. This determines new conditions for the operational activities of Machine and Tractor Stations. The possibility for highly productive use of machinery has increased, the field of MTS activity and machinery application has expanded, and new demands on MTS from collective farms have arisen. At the same time, the responsibility of MTS for the organizational and economic strengthening of collective farms, for the results of their production and economic activity, and for raising the crop yields of collective farm fields and the productivity of public collective farm animal husbandry has also grown.

Machine and Tractor Stations year after year expand the scope of their activity and achieve success in applying new progressive agrotechnical methods and in mechanizing a number of important agricultural jobs. In 1951, MTS plowed 5.4 million hectares more fallow land than in 1950. Deep plowing to 25–30 cm in black-earth and chestnut soil regions and the deepening of the arable layer in regions of the non-black-earth belt were carried out in 1950 over an area of 2.5 million hectares, in 1951—over 16.4 million hectares, in 1952—over 19 million hectares (as of Nov 30), and according to the state plan for 1953, it is planned over an area of over 26 million hectares. Cross and narrow-row sowing of spiked grain crops was carried out in 1950 over an area of 2.2 million hectares, in 1951—5.6 million hectares, in 1952—11.3 million hectares, and according to the 1953 plan—over an area of 17.6 million hectares. Top-dressing of winter crops with local and mineral fertilizers was conducted in 1950 over an area of 8.1 million hectares, and in 1952—over 10.1 million hectares. The check-

row method of sowing row crops is widely used, yielding a great economic effect.

Mechanized inter-row cultivation in longitudinal and transverse directions with the check-row sowing method allows tractor cultivators to cultivate almost the entire sown area; only a small portion of the area uncultivated by machines and in hill-clusters remains for manual labor. As a result, labor expenditures for pre-sowing marking and inter-row cultivation are reduced from 10.4 man-days per hectare under ordinary sowings to 2.5 man-days per hectare under the check-row sowing method.

In 1952, MTS performed 3/4 of the basic field operations in collective farms. Almost all plowing and over 80% of sowing were mechanized. Sowing of cotton, sugar beets, and other industrial crops was almost completely mechanized. 70% of grain crop sowings in collective farms were harvested by combines. More than 2/3 of sugar beet sowings were harvested by beet combines and tractor beet lifters.

In 1951, sown areas under agricultural crops in the country expanded by more than 6.7 million hectares. In 1952, a further expansion of sown areas by 2.8 million hectares occurred. At the same time, sowings of cotton, sugar beets, sunflowers, and other industrial crops increased. Sowings of perennial and annual grasses and fodder crops were significantly expanded.

The responsibility and role of MTS in animal husbandry development are increasing. MTS must intensify the mechanization of feed procurement, take an active part in developing the mechanization of labor-consuming tasks on livestock farms, and expand technical assistance to collective farms in installing equipment on farms, organizing its use, and conducting production construction.

As a result of collective farm amalgamation, the organizational conditions for coordinated work between MTS and collective farms significantly improved. For example, in Moscow Region

before amalgamation, an average of 52 collective farms pertained to one MTS, while in 1951—14; a single tractor brigade serviced 5–7 collective farms, and in 16 MTS even from 8 to 13 collective farms; now one, rarely two collective farms are serviced. Even more substantial changes occurred in the South, where frequently an MTS services a single collective farm.

In large collective farms on extensive land arrays, tractors, combines, and other complex agricultural machines are used far more productively, as are collective farm means of production; a significant reduction in the prime cost of tractor work is achieved. In the Shevchenko MTS, Odessa Region, output per 15-horsepower tractor rose from 710 hectares in 1949 to 808 hectares in 1951. Average shift output in 1951 reached 4.1 hectares with a norm of 4 hectares. The MTS overfulfilled the tractor work plan by 23% while reducing the prime cost per hectare of tractor work by 23%. In 1951, 95% of the area of autumn plowing and fallows was plowed to a depth of 25 cm, compared to 15% in 1949.

Shishovskaya MTS, Voronezh Region, serviced 18 collective farms before 1950, and after unification—5, with an average arable land size from 2.5 thousand to 5.5 thousand hectares. In 1951, the MTS fulfilled 140% of the tractor work plan. Output per 15-horsepower tractor amounted to 858 hectares against 640 hectares in 1949. Early spring harrowing in 1951 was completed in 2 working days, and early spring sowing was completed in 6 working days. The MTS provides great assistance to collective farms in feed procurement. In 1951, the feed ensiling plan was fulfilled by 125%, and the haymowing plan was significantly overfulfilled.

In Medvedovskaya MTS, Krasnodar Krai, in 1951 the average shift output per 15-horsepower tractor was brought up to 4.2 hectares, the prime cost per hectare of tractor work was reduced by 2 rubles 80 kopecks, 42 tons of fuel were saved,

and at the expense of this saving, an additional 3 thousand-plus hectares of soft plowing was performed.

Simultaneously with mechanization, major work on the electrification of production processes is being carried out in advanced amalgamated collective farms. In 1951–1952, the application of electric power in collective farms for grain processing, feed preparation, water supply, cow milking, and sheep shearing increased significantly. Thus, for example, electric shearing units of MTS and MZhS performed shearing on 800 thousand head of sheep in 1950, 4.8 million in 1951, and 22 million head in 1952. In 1951, over 19 thousand mechanized threshing floors operated in the country. All collective farms possessing mechanized threshing floors fulfilled the grain delivery plan ahead of schedule, reduced harvesting times, and several-fold reduced manual labor requirements. In 1952, in Dnepropetrovsk Region of the Ukrainian SSR, 1,200 units for mechanized grain cleaning, 500 loading hoppers, and 1,500 tractor and horse sweeps for collecting straw operated on collective farm threshing floors. Complex mechanization of harvesting operations made it possible to release about 100 thousand people in the region's collective farms to work on feed procurement, tending row crops, and other tasks.

In Sverdlovsk Region, during 1950 and 1951 alone, mechanization of water supply was carried out in 364 collective farms, electromechanical cow milking—in 99 collective farms, electric sheep shearing—in 80 collective farms, mechanization of intra-farm transport—in 15 collective farms, mechanization of feed preparation on 408 farms, and automatic watering on 269 farms.

During this period in Vologda Region, water supply mechanization was carried out on 363 farms and cow watering on 343 farms; in the Ukrainian SSR, mechanization of feed processing and preparation was carried out on 10,724 farms,

and in collective farms of Stavropol Krai—on 542 farms. In Gorky Region during 1949–1951, feed preparation was fully mechanized on 592 farms, washing and cutting of succulent feeds on 251, feed steaming on 970, and water supply on 190 farms.

Mechanization of labor-consuming tasks on livestock farms yields a great production effect. Solely as a result of water supply mechanization, collective farms in Gorky Region saved 150 thousand workdays and 76 thousand horse-days during 1951. In Kuban agriculture, 6 thousand electric motors are used.

The material and technical base of agricultural production in our country is continuously growing and improving.

In the post-war period, major qualitative changes occurred in agricultural machinery. In total during the post-war years, over 160 new types and models of agricultural machines entered agriculture, which made it possible to mechanize a large quantity of operations previously performed manually or with animal draft power.

Already in 1951, MTS performed 170 types of work against 90 in 1940. The total volume of tractor work performed by MTS in collective farms in 1952 exceeded the pre-war level by 88%.

The amalgamation of collective farms led to a further improvement in labor organization in collective farms. Production brigades were consolidated both in numerical composition and in scope of work—land plots of field-growing brigades increased, and the livestock population serviced by livestock brigades grew. The total number of brigades decreased, the volume of work performed by them grew, and at the same time their responsibility for production results increased.

In many collective farms prior to amalgamation, production brigades were small. Thus, in collective farms of Kalinin Region, field-growing brigades consisted on average of 25–30

people. At the same time, in 60% of all collective farms in the region, brigades had fewer than 30, and in almost 1/5 of all collective farms—fewer than 15 collective farmers. Now the average size of field-growing brigades in a number of districts and regions has increased 1.5–2 times or more. Field-growing brigades in many collective farms currently consist of 60–80 people, and in collective farms of southern regions—80–100 people.

Instead of 12 field-growing brigades in the Khrushchev Collective Farm, Serebryano-Prudsky District, Moscow Region, three field-growing brigades and one feed-procurement brigade were created. Each field brigade now has on average 1,400 hectares of land.

Further specialization of collective farm production brigades took place. In many collective farms that had only general field-growing brigades before amalgamation, fairly large specialized brigades for feed procurement, vegetable growing, horticulture, etc., were created.

Major changes occurred in labor organization on collective farm livestock farms. Now, as a rule, each collective farm farm is serviced by a specialized brigade. In every large collective farm, permanent construction brigades have been organized.

The successful solution of the task of increasing yields largely depends on the correct combination of work between MTS tractor brigades and collective farm production brigades. Tractor brigades have become larger and permanently service either one collective farm or a single field-growing or feed-procurement brigade. Thus, for example, in the amalgamated Kaganovich Collective Farm, Novo-Annensky District, Stalingrad Region, instead of the five field-growing brigades existing before unification, three brigades and one feed-procurement brigade were organized.

In three large collective farms in the area of operation of Medvedovskaya MTS, Krasnodar Krai, each field-growing and

feed-procurement brigade is likewise serviced by one tractor brigade.

In connection with this, the cooperation between field-growing and tractor brigades was strengthened and further developed, and their responsibility for obtaining planned yields across the entire cultivated area increased.

In that same Kaganovich Collective Farm, Novo-Annensky District, Stalingrad Region, full alignment of the work plans of field-growing and tractor brigades is implemented. In the production assignments of both brigades, not only work volume and agrotechnical measures are planned, but also the introduction of new scientific achievements and advanced agricultural experience into production (deep plowing to 25–27 cm, narrow-row and cross sowing, seed vernalization, etc.).

MTS and collective farm boards in the area of operation of Medvedovskaya MTS put into practice the issuance of ten-day joint work orders to tractor and production brigades. Work orders are developed by MTS area agronomists and senior collective farm agronomists together with leaders of tractor and production brigades. Such practice ensured a genuinely businesslike cooperation of brigades in their joint struggle for plan fulfillment and high crop yields.

In amalgamated collective farms, the labor participation of collective farmers in the public economy grew.

Workday accrual on average per one able-bodied collective farmer:

District / Farm	1951 in % to 1949
Bryukhovetskaya District, Krasnodar Krai	113.0%
Tselina District, Rostov Region	140.3%
Sovetsky District, Krasnodar Krai	118.1%

Shipunovo District, Altai Krai	112.3%
Ertil District, Voronezh Region	162.5%
Saki District, Crimea Region	115.2%
Vurnary District, Chuvash ASSR	103.0%
Molotov Collective Farm, Nerekhta District, Kostroma Region	196.2%
Bolshevik Collective Farm, Kurmanayevka District, Chkalov Region	106.2%

New working conditions in collective farms after their amalgamation not only substantially influenced the raising of labor discipline and improvement of its organization, but also exerted an enormous influence on the cultural and technical growth of collective farm cadres. In the process of raising the level of technical equipment and utilizing top-class machinery on the basis of amalgamated collective farms, mechanized cadres accumulate and acquire new labor skills and perfect their mastery, while experienced collective farm leaders and organizers grow. At the beginning of 1952, there were over 18 thousand collective farm chairmen in the country with higher and secondary education. In addition, about 15 thousand chairmen completed training in two-year and six-month state schools. In Ukraine, over 3 thousand agricultural specialists with higher and secondary education work as collective farm chairmen. In Krasnodar Krai in 1952, 55% of collective farm chairmen were agricultural specialists with higher and secondary education, whereas before amalgamation they constituted only 3%. In Ryazan Region, over half of the

chairmen of all collective farms have higher and secondary education, while before amalgamation 90% of collective farm chairmen had primary education. Almost every third collective farm in Armenia is headed by a specialist. In Moscow Region at the end of 1951, four hundred collective farm chairmen had higher and secondary agronomic education.

Since 1950, a new system of mass training of collective farmers in three-year agro-zootechnical courses has been operating. Thus, in 1950/51, 2.6 million collective farmers studied in three-year agro-zootechnical courses; in 1951/52—2.5 million people; and in 1952/53, 2.8 million people are studying. In addition, 1.8 million collective farm brigade leaders, livestock farm managers, team leaders, and rank-and-file collective farmers studied in various short-term courses and seminars in 1951/52. Over 170 thousand people completed advanced training courses for mechanized cadres. In total, about 4.7 million people studied in the course network in 1952—that is, 2.8 million people more than in 1950.

The amalgamation of collective farms, the growth of their technical equipment, the improvement of labor organization, and the cultural and technical growth of collective farm cadres—all this, in turn, contributes to a further upswing in the culture of collective farm agriculture.

The amalgamation of collective farms exerted an enormous influence on accelerating the pace of field-protective afforestation, construction of ponds and reservoirs, and stabilization and afforestation of sands.

During 1949–1951, 780 thousand hectares of field-protective forest belts were planted and sown in collective farms. 3,595 MTS and 165 special forest protection stations were involved in executing mechanized operations to create protective forest belts on collective farm fields.

In cotton-growing regions, the transition to a new irrigation system was completed over an area of 1,375 thousand hectares,

thereby opening scope for the wide application of powerful tractors and agricultural machinery.

Major work is being conducted on the construction of collective farm ponds and reservoirs. Thus, for example, in collective farms of Stavropol Krai over the last three years, 110 new ponds were constructed. The total water surface area of collective farm ponds and reservoirs increased by 53% in the single year of 1951 alone.

The most important link in the Stalin plan for the transformation of nature is the introduction and mastering of the ley farming (travopolye) system of agriculture. The amalgamation of collective farms played an exceptional role in this matter.

In connection with collective farm amalgamation, previously introduced crop rotations underwent revision and significant changes. For example, by the beginning of 1952, crop rotations were revised and newly introduced in Krasnodar Krai in 58% of collective farms, in Kuibyshev Region in 72%, in Rostov Region in 58%, and in Saratov Region in 81% of collective farms. As of October 1, 1952, land management projects were transferred to the terrain in Voronezh Region in 65.9% of collective farms, and in Kursk Region—in 72.4%.

Summer sowings of perennial grasses, which yield the highest harvests of fodder mass and seeds in southern regions, were conducted in 1952 by collective farms over an area of 346.9 thousand hectares instead of 209.5 thousand hectares in 1951.

In the "Znamya Kommunizma" Collective Farm, Podtelkovsky District, Stalingrad Region, before amalgamation there were 6 crop rotations: 3 field and 3 fodder. Fields in them were small, which reduced the efficiency of machinery use. Now in the collective farm, on the main land array of 6,888 hectares, a single ten-field crop rotation has been introduced. An eight-field fodder crop rotation is placed over an area of 768 hectares, and over an area of 276 hectares—a six-field melon

crop rotation. Spring sowing of early grain crops in 1951 was conducted in 7 working days, and all spring crops were sown in 12 working days. In 1951, 47 hectares of forest plantings were planted instead of 40 hectares according to plan, a new fruit orchard was laid on 4 hectares, and 1 hectare of vineyard.

In three amalgamated collective farms—the Lenin, Molotov, and Zhdanov collective farms—in the operational area of Sovetskaya MTS, Sovetsky District, Krasnodar Krai, ley crop rotations were introduced: including 11 field, 11 fodder, and 3 vegetable rotations. In 1951, 3 field and 3 fodder crop rotations were mastered, in 1952—4 field and 4 fodder were being mastered; completely all crop rotations will be mastered in 1953. After unification, starting in 1950, sowings of all crops in collective farms are conducted with varietal, high-quality seeds of adapted varieties. Sowings of spring crops are conducted exclusively on autumn-plowed fallow. Since 1950, all plowing is conducted only with plows equipped with coulters. Collective farms and MTS show special concern for raising high-quality seeds; seed plots are allocated in advance in crop rotation fields. Class 1 seeds are used for sowing. During the vegetation period, species and varietal weeding is conducted on sowings. Early in spring, winter crops are harrowed and top-dressed with mineral and organic fertilizers. Harvesting of spiked grain crops on seed plots is performed within 5–6 days. Row and industrial crops on seed plots are cultivated four times with cultivators and top-dressed with fertilizers in rows.

Sovetskaya MTS, Krasnodar Krai, successfully introduces new progressive agrotechnical methods, increases the area of deep plowing (25–30 cm), stubble disking, bare fallows, cross and narrow-row sowing of grain crops, and check-row sowing of industrial crops, harrowing and top-dressing of winter crops, etc. In 1951, average plowing depth reached 23–24 cm. For grain crops, the MTS plows to a depth of 25–27 cm, and for

industrial crops—27–30 cm. Particular attention is paid by the MTS to performing work within the best agrotechnical timeframes. Sowing of spring spiked grain crops and grasses is conducted in 3–4 days, and in advanced tractor brigades—in 2 days. In 1952, harrowing of autumn-plowed fallow over an area of 10,213 hectares was completed in 3 days. Raising of fallows was completed in 1951 in the first half of April, plowing being performed with coulter-equipped plows to a depth of 25–27 cm.

For the purpose of better utilizing powerful tractors and shortening the timeframes of agricultural work, Sovetskaya MTS widely applies combined units. Plowing of fallows under winter crops is performed exclusively simultaneously with harrowing. Pre-sowing cultivation as well as fallow cultivation are performed across the plowing direction. The MTS widely applies stubble disking under winter crops and autumn plowing on the first or second day after harvesting. The MTS provides great assistance to collective farms in securing feed for animal husbandry. Thus, in 1951, grasses (with cover crops) were sown over 3,783 hectares against a plan of 3,350 hectares; the haymowing plan was fulfilled by 210%, and 4,191 tons of silage were stored against a plan of 3,100 tons.

A characteristic feature of 1951 and 1952 was that scientific achievements and advanced experience were introduced more systematically and became the property not merely of individual collective farms and districts, but of entire regions and krais. For example, the Ukrainian SSR, Krasnodar and Stavropol krais, and Rostov, Dnepropetrovsk, and Crimea regions as a whole overfulfilled the 1952 grain delivery plan, which was the result of wide introduction of advanced agronomic measures into production.

The area sown with varietal seeds increased in 1951 across the country by 7.7 million hectares, while the quantity of seeds

subjected to air-thermal heating according to Acad. Lysenko's method reached 27 million centners.

As a result of collective farm amalgamation, financial capabilities for purchasing mineral fertilizers grew, and the accumulation and utilization of organic fertilizers in collective farm production increased greatly. Thus, for example, the "Bolshevik" Collective Farm, Troyanov District, Zhitomir Region, in 1951 increased the application of fertilizers per 1 hectare of arable land compared to 1948: local fertilizers—5-fold, mineral fertilizers—3.3-fold. The amalgamated Bagirov Collective Farm, located in the Mugan Steppe, Azerbaijan SSR, in 1951 purchased mineral fertilizers worth 121.3 thousand rubles, whereas in 1949, prior to amalgamation, the collective farms spent only 17.2 thousand rubles on purchasing mineral fertilizers. Under Belorussian conditions, the highest yields are obtained where more local fertilizers are applied to the soil. In the last two years, the use of peat acquired wide scope. During 8 months of 1952, over 12 million tons of peat were hauled to collective farm fields—much more than in 1951. In advanced collective farms, permanent brigades for procuring and hauling local fertilizers—manure, peat, ash, etc. —were created. The brigades work year-round.

Even greater significance in raising collective farm production is currently acquired by the wide application of new methods of organizing tractor work, which became possible on such a scale only after collective farm amalgamation. Work according to an hourly schedule, Stakhanovite routes, high-speed grain threshing methods, flow method of organizing harvesting operations in harvesting grain, sugar beets, cotton, and other crops—such are the new methods that accelerate the completion of the entire complex of tractor and stationary jobs, reduce work timeframes to a minimum, and thereby exert an enormous influence on work results and yields.

Our agriculture has become qualitatively different and more skilled. This is clearly visible from a comparison of the crop area structure in our country between 1940 and 1952. For example, the area under grain crops in 1940 constituted 73.5% of the total sown area, and in 1952—68.9%; under industrial crops, respectively—7.8% and 8.2%; under vegetables, melons, and potatoes—6.7% and 6.4%; under fodder crops—12.0% and 16.5%. Of the total value of marketable crop production in 1952, over 40% belonged to industrial crops. Collective farms of Crimea Region, for example, in 1951 increased the sown area of agricultural crops by 11% compared to 1950. In the region, new orchards and vineyards were planted over an area of 1,970 hectares, and cotton sowings increased significantly.

In connection with collective farm amalgamation, crop farming in Moldavian collective farms became more skilled through a sharp increase in sowings of key industrial crops: sugar beets, cotton, tobacco, and essential oil crops. In 1951 alone, cotton plantations increased 10-fold, sugar beets—more than double, and tobacco—by one third. Through new plantings, orchards and vineyards are grouped into large arrays, and their varietal composition is improved. On average, over 100 hectares of vineyards and orchards pertain to each collective farm.

Raising the culture of agriculture very favorably affects the development of the public economy of collective farms, income growth, yield upswing, and animal husbandry productivity.

Grain crop yield in the amalgamated Lenin Collective Farm, Sovetsky District, Krasnodar Krai, averaged across the entire area (in centners per 1 ha):

Crop	Before Amalgamation (1946–1947)	Before Amalgamation (1948–	After Amalgamation (1950–

		1949)	1951)
Winter wheat	12.0	15.3	22.4
Spring wheat	13.4	11.5	20.1
Corn (in grain)	10.5	17.3	25.8

The average yield across collective farms serviced by Sovetskaya MTS in 1951 increased compared to 1948 across all grain crops by 6.7 centners, in particular for winter wheat by 7.3 centners, for oats by 6.5 centners, and for barley by 14.1 centners per 1 ha. The gross harvest of grain crops in collective farms serviced by Sovetskaya MTS in 1951 amounted to 264 thousand centners against 221.1 thousand centners in 1949.
The average grain crop yield across collective farms of Taganrog District, Rostov Region, rose in 1951 by 2.2 centners per 1 ha compared to 1950, and in 1952—by 7 centners per 1 ha compared to 1951.
Carrying out the tasks set by the party and government in public animal husbandry development, collective farms achieved a significant increase in public livestock population over three years (1949–1951). The cattle population in collective farms over this time increased by 50%, including cows—by 75%, pigs—by 189%, sheep and goats—by 46%, and poultry—by 342%.
In connection with collective farm amalgamation, in 1951 the livestock population per collective farm increased 3–4 times. In almost all collective farms of the country, 4 productive livestock farms were created. The average farm size increased sharply. As of 1951, livestock numbers on average per single collective farm across the country exceeded 300 head for cattle and 670 head for sheep. Thus, for example, in Vologda Region

on average per collective farm in 1951 there were over 300 head of cattle and over 20 sows; in Altai Krai—about 500 head of cattle and over 40 sows; in Poltava Region—over 400 head of cattle and about 400 head of pigs.

There are collective farms that have a thousand head of cattle, several hundred pigs, several thousand head of sheep, etc., concentrated on their farms. For example, on the farms of the Lenin Collective Farm, Ceadîr-Lunga District, Moldavia, there are 1,327 head of cattle, 802 pigs, 4,313 sheep, and 11,814 head of poultry. On the farms of the Malenkov Collective Farm, Prigorodny District, North Ossetia, there are over 7 thousand head of livestock.

In just two years (1950–1951), the number of collective farmers engaged in animal husbandry increased across the country by 800 thousand people.

During 1948–1951, the feed base also expanded and strengthened. Compared to 1948, the mown area of perennial grasses in 1951 in the country reached 214%, annual grasses—322%, fodder root crops—244%, and silage crops—290%. Compared to the same year, in 1951 harvested areas of natural hayfields reached 131%, silage storage—147%, and perennial grass sowing areas reached 218%.

In regions of the forest-meadow zone during 1949–1951, 67 meadow-amelioration stations were organized, and in the steppe and desert zones—95 machine-livestock stations. Major feed procurement work was accomplished by MTS. In 1951 alone, they harvested over 18 million hectares of hayfields and stored over 7 million tons of silage. In 1951, MTS mowed 12 times more hay and stored 73 times more silage than in 1948. In 1952, of the total area of hayfields harvested in collective farms, 42% was mowed by MTS machines against 7.7% in 1949. The level of feed ensiling mechanization increased on average across the country's collective farms from 1.7% in 1949 to 43% in 1952.

In collective farms, immediately after their amalgamation, the question arose of creating a solid feed base for public animal husbandry. Alongside field-growing brigades, feed-procurement brigades were created, fodder crop rotations and the green conveyor were introduced, and major operations were deployed to improve pastures and hayfields, drain swampy lands, etc.

The experience of advanced collective farms shows that the creation of feed-procurement brigades significantly improves the entire organization of feed production, contributing to an increase in the quantity of procured feeds and an elevation of their quality.

For example, in Ukraine, the organization of feed-procurement brigades in many collective farms contributed to the successful resolution of tasks of providing livestock with feed. Thus, in Zhashkov District, Kiev Region, where all collective farms have feed-procurement brigades, livestock is maintained in well-arranged summer camps, and dairy cows are uninterruptedly supplied with a sufficient quantity of green feed, as a result of which milk yields increased significantly and averaged about 2,500 liters per cow across the district, and in a number of collective farms—over 3 thousand liters.

The Stalin Collective Farm, Selidovo District, Stalino Region, applying the green conveyor and other measures to improve feeding and livestock care, brought milk yields up to 5 thousand liters of milk per forage cow.

The Stalin Collective Farm, Lukhovitsy District, Moscow Region, which introduced the green conveyor, obtained in 1952 from 360 cows an average of 4,509 kg of milk. The "12th October" Collective Farm, Kostroma District, Kostroma Region, receives annually from each forage cow an average of 5,230 kg of milk with a fat content of 3.9%.

The experience of advanced collective farms vividly demonstrates that success in animal husbandry development depends above all on creating a solid feed base.

The amalgamation of collective farms created additional opportunities for improving and perfecting the breed composition of livestock. Thus, for example, the "Krasny Putilovets" Collective Farm, Ili District, Alma-Ata Region, immediately after amalgamation decided to create pedigree livestock farms and begin work on improving the breed quality of the entire herd. The collective farm purchased 4 times more pedigree rams and bulls in 1951 than in 1950. The Malenkov Collective Farm, Prigorodny District, North Ossetia, in 1951 purchased 101 head of Red Steppe cattle of Class 1 and Class 2, 95 cows of improved breed, 170 fine-wooled sheep, and 25 White Ukrainian sows of Class 1.

Major work on improving the breed composition of public livestock is conducted by the Stalin Collective Farm, Novo-Alexandrovsky District, Stavropol Krai. On its farms currently there are Kostroma breed cattle and purebred fine-wooled sheep. In the "Bolshevik" Collective Farm, Troyanov District, Zhitomir Region, the entire pig population and a significant part of sheep are purebred, the cattle herd is improved, and a pedigree horse farm has been created.

As a result of achieved successes in the growth of public animal husbandry and general improvement in the conditions of running this most important branch of agriculture, the productivity and marketability of animal husbandry are rapidly rising.

Characteristic for amalgamated collective farms is that marketability increases not only due to an increase in livestock numbers, but above all due to the growth of its productivity. Here are data for individual collective farms showing the increase in average milk yield per cow in 1951 compared to 1949 (in liters):

Stalin Collective Farm, Liebknecht District, Stavropol Krai: 527 liters
Kaganovich Collective Farm, Kuznetsk District, Penza Region: 600 liters
"Znamya Kommunizma" Collective Farm, Podtelkovsky District, Stalingrad Region: 360 liters
8th of March Collective Farm, Kupyansk District, Kharkiv Region: 963 liters
Malenkov Collective Farm, Prigorodny District, North Ossetia: 652 liters
Lenin Collective Farm, Sovetsky District, Krasnodar Krai: 329 liters
Lenin Collective Farm, Mozhaisk District, Moscow Region: 680 liters
In the Stalin Collective Farm, Stepnoye District, Stavropol Krai, from 24.1 thousand sheep an average wool shearing of 5.7 kg was obtained, including 6.1 kg from 22 thousand fine-wooled sheep. In the "Novy Shlyakh" Collective Farm, Chernihiv District, Chernihiv Region, 328 head of pigs with a total live weight of 35,087 kg were removed from fattening. Thus, for every 100 hectares of arable land assigned to the collective farm, 35 head of pigs were removed from fattening, yielding 37.3 centners of pork.
Increasing livestock numbers and raising productivity of animal husbandry branches, collective farms significantly increased the supply of livestock products to the state. Thus, in 1951, the country's collective farms delivered to the state approximately 58% more meat, almost 71% more milk, about 87% more wool, and 3.9 times more eggs than in 1948. Pork deliveries to the state over this period increased 5-fold.
One of the most important indicators of the growth of the public economy of collective farms is the increase in their monetary incomes, the expansion of indivisible funds, and their proper utilization.

Increasing crop yields and livestock productivity, along with developing a multi-branch economy, allowed amalgamated collective farms to sharply increase monetary incomes and deductions into indivisible funds. For example, in Krasnodar Krai in 1952, 70% of collective farms became millionaires. Over two years, monetary incomes of Kuban collective farms rose by 25.5%. Collective farms of Kurganinsk District in 1950 received about 26 million rubles in income, and in 1951 this figure rose to 31.4 million rubles. In 1951, monetary incomes of collective farms in the Turkmen Republic amounted to over 1,300 million rubles, exceeding 1950 incomes by 191.3 million rubles. In 1952, every collective farm in Turkmenia received on average over 2.6 million rubles in income. Monetary incomes of Moldavian collective farms in 1951 exceeded 1 billion rubles. Many collective farms received incomes from 1 million to 11 million rubles. In just two years, from 1949 to 1951, the number of collective farms receiving incomes over one million rubles increased almost 10-fold. Now every third collective farm in Moldavia is a millionaire. In Vinnytsia Region in 1951, collective farm incomes rose against 1950 by 40%. In Podolia in 1950, there were only 29 millionaire collective farms, while in 1951 over 100 artels received from one to three million rubles in monetary income. Every second collective farm in Kherson Region is a millionaire.

Receiving high incomes, collective farms increase indivisible funds and deploy major construction. Indivisible funds of Moldavian collective farms grew from 250 million rubles in 1949 to 683 million rubles in 1951. Expenditures on public production buildings, power plant construction, and expansion of orchards and vineyards in collective farms in 1951 alone rose by 81%.

In 1952, the volume of capital investments in public production buildings and other public purposes at the expense of indivisible funds was planned at 2 times more compared to

1951. Significant sums of these funds are directed by collective farms toward construction. If in 1950 302 production premises were built, then in 1951 the republic's collective farms built 2,644 livestock and other public premises, and as of Aug 1, 1952, 2,946 production premises were built and 2,226 were under construction.

Over two years (1951–1952), indivisible funds of Kuban collective farms rose by 32%. Indivisible funds of Ukrainian collective farms over the last three years increased by 4 billion rubles, or by 48% compared to 1940. High monetary incomes enabled Moldavian collective farms to increase indivisible funds by 46% in a single year.

Small collective farms were unable to build spacious, bright, and warm premises for livestock. Large collective farms have all the conditions for this. Over three years (1949–1951), collective farms built over 540 thousand livestock premises. During this period, the capacity of cattle barns in collective farms increased by 60%, pigsties—by 120%, sheep pens—by 68%, poultry houses—by 190%, and stables—by 30%. Over 60% of livestock premises built during 1949–1951 were erected according to standard designs taking into account mechanization requirements for labor-consuming processes on livestock farms. It is known, for example, that a farm with 500 head of cattle under full mechanization of labor-consuming tasks on the basis of electrification can save up to 15 thousand workdays and about 6 thousand horse-days compared to expenditures under manual labor and horse-drawn drives.

Successes in agricultural development created all conditions for solving even larger tasks. The interests of the national economy and the tasks of further raising the well-being of the Soviet people require an even greater increase in agricultural production. It is toward achieving this goal that the directives of the 19th Party Congress for the Fifth Five-Year Plan mobilize collective farmers.

The feasibility of fulfilling the assignments of the 19th Congress of the CPSU regarding the further upswing of agricultural crop yields, growth of livestock population, and elevation of its productivity is confirmed by the experience of many collective farms, MTS, and districts. According to the directives of the 19th Party Congress, in the Fifth Five-Year Plan in the South of Ukraine and in the zone of the North Caucasus, it is planned to raise the yield of grain crops without irrigation up to 20–22 centners per hectare. This yield indicator in 1952 was surpassed by many collective farms and even whole districts. Thus, for example, collective farms of Snigirevka District, Mykolaiv Region, harvested 34 centners of winter wheat per hectare over an area of 10.5 thousand hectares, while collective farms of Bashtanka District from the total grain sown area of 38 thousand hectares harvested an average yield of 27.5 centners per hectare. In Krasnodar Krai, an average yield of spiked grains of 22 centners per hectare was harvested, while many collective farms of the krai harvested 25–30 centners per hectare.

In regions of the non-black-earth belt, fiber flax yields must be brought during the years of the Fifth Five-Year Plan to 4.5–5.5 centners per hectare; in advanced flax-growing collective farms, yields are already 1.5–2 times higher.

The Fifth Five-Year Plan envisions bringing sugar beet yields in regions of the Ukrainian SSR up to 255–265 centners per hectare. In 1951, 1,136 collective farms in Ukraine obtained a sugar beet yield of over 250 centners per hectare—that is, reached the yield target set for the end of the current five-year plan. Collective farms of Khorol District, Poltava Region, in 1952 harvested 250 centners of beets from each hectare over an area of 4,100 hectares.

Collective farms of Uzbekistan, Kazakhstan, Kirghizia, Turkmenia, and Tajikistan in 1951 harvested on average 21 centners of raw cotton per hectare.

Many advanced collective farms already now milk 3–5 thousand liters of milk per forage cow, fatten 25–40 pigs per 100 hectares of arable land, and shear 5–7 kg of wool per sheep.

The experience of advanced collective farms and MTS vividly demonstrates the paths for all-out upswing of crop yields and elevation of animal husbandry productivity. However, many collective farms do not yet fully utilize internal reserves for the further development of the public economy. Here, for example, are the results of work in 1951 of two millionaire collective farms: the Lenin Collective Farm, Chemerovtsy District, Kamenets-Podolsky Region, and the Kirov Collective Farm, Gorodok District, of the same region, having approximately identical sown area dimensions and located in identical soil and climatic conditions. In the former, monetary income amounted to 3,159 thousand rubles, and in the latter—1,113 thousand rubles.

Indicator	Lenin Collective Farm	Kirov Collective Farm
Indivisible funds per 1 ha of arable land	1,551 rubles	435 rubles
Monetary income per 1 ha of arable land	1,237 rubles	355 rubles
Income per 1 ha of sugar beets	6,411 rubles	3,138 rubles
Income per 1 ha	28,830 rubles	7,024 rubles

of fruit-bearing orchard		
Income per 1 ha of truck garden	427 rubles	743 rubles
Milk yield per forage cow	2,542 liters	813 liters
Monetary income per cow	1,931 rubles	210 rubles
Monetary income per sow	1,054 rubles	58 rubles
Grain issued per workday	2 kg	1 kg
Money issued per workday	3 rubles 10 kopecks	1 ruble 60 kopecks

The data in this table vividly demonstrate how vast the reserves available in agricultural production are.

Fulfilling the assignments of the 19th Party Congress in further agricultural development requires from collective farmers the exertion of all forces and the mobilization of all reserves available to crop farming and animal husbandry.

Socialist agriculture is now on a powerful new upswing. There is no doubt that our collective farms, Machine and Tractor Stations, and state farms, equipped with rich machinery, will achieve even more significant successes in agricultural development, and an abundance of food for the people and a

full sufficiency of raw materials for the rapidly growing light industry will be created in the country.

Question of Economics, No.4, 1953.

A. Mikhailov

TWO CAMPS — TWO OPPOSITE LINES OF ECONOMIC DEVELOPMENT

The May Day appeals of the Central Committee of the Communist Party of the Soviet Union caused a new upsurge of creative forces among the entire Soviet people, a aspiration to work even better, even more fruitfully. These appeals express the policy of the Communist Party and the Soviet government, a policy worked out over a number of years and aimed at building a communist society in our country.

The domestic policy of the Communist Party and the Soviet government is aimed at the further strengthening of the indestructible alliance of the working class and the collective farm peasantry, fraternal friendship between the peoples of our country, and the all-out strengthening of the defense might of the socialist state. The main concern of the Communist Party and the Soviet government in the sphere of domestic policy consists in steadily achieving a further improvement in the material well-being of workers, collective farmers, intellectuals, and all Soviet people. A law for our party and government is the duty to untiringly care for the welfare of the people, for the maximum satisfaction of their material and cultural needs.

The foreign policy of the Communist Party and the Soviet government is clear and understandable. Proceeding from the Leninist-Stalinist proposition on the possibility of the long-

term co-existence and peaceful competition of two different systems—capitalist and socialist—the Soviet Union firmly and consistently pursues the unshakeable policy of preserving and strengthening peace, the policy of international cooperation and the development of business ties with all countries. At present, there is no such disputed or unresolved issue that could not be resolved peacefully on the basis of mutual agreement between interested countries. The peaceful policy of the Soviet state meets the vital interests of the Soviet people and all peace-loving peoples of the world and is a decisive obstacle to the unleashing of a new war.

The working people of our country, closely rallied around the Communist Party and its Central Committee, around the Soviet government, are confidently marching toward new successes in communist construction, along the path of the further flourishing of the economy and culture of our great socialist Motherland.

In the opposite direction develops the economy of the capitalist countries following the path of the arms race. At the end of March 1953, the UN Secretariat published the "Report on the World Economic Situation 1951–1952". In early March of the current year, the Secretariat of the UN Economic Commission for Europe published the "Economic Survey of Europe Since the War". Both these documents, against the will of their compilers, portray a general picture of the world economic situation characterized by the presence of two lines of development.

The facts and figures cited in the "Report" and the "Survey", despite the desire of their compilers to present the economic

situation in capitalist countries in a rosy light, show that all those temporary factors of a military-inflationary character (American "dollar aid", currency devaluation in 1949 and the subsequent further intensification of inflation, the war in Korea, a sharp increase in budget appropriations for the arms race, etc.), which provided the opportunity for the USA and Western European countries dependent on it to somewhat raise the level of industrial production, have now already exhausted themselves.

A characteristic feature of the economic development of capitalist countries in the past year 1952, the authors of the "Report" point out, is that the phenomena of stagnation and a certain decline in production, which appeared back in 1951 in a number of countries, were observed in 1952 in almost all capitalist countries. The authors of the "Survey" for their part admit that the economic situation in Europe at the present time appears "very abnormal". They point out that "even 1951 was by no means a year of general expansion of production", and 1952 brought with it a reduction in the output of not only consumer goods, but also means of production.

At the same time, under the pressure of facts, the authors of the "Report" and the "Survey" are forced to admit that, unlike capitalist countries, in the Soviet Union and other countries of the socialist camp there was a further growth of industrial production. The output of industrial products in these countries, the compilers of the "Report" indicate, "increased significantly from 1950 to 1951 and from 1951 to 1952". The authors of the "Survey" note that the growth of production in the Soviet Union in the post-war period is "very significant" and that by

the end of the fourth five-year plan in the Soviet Union "industrialization continued at tempos exceeding those of any Western European country".

A comparison of the facts characterizing the dynamics and structure of industrial production, the state of agriculture, growth tempos and principles of national income distribution, and the two opposite lines of price movement confirms again and again that in the greatest historical competition of the two systems, the most advanced socialist economic system is winning.

For the Soviet Union and other countries of the socialist camp, a continuous and planned upsurge of the peaceful economy and high tempos of production development are characteristic. For the economies of the USA, England, France, and other capitalist countries, the growth of military branches of industry and the reduction of consumer goods output, the replacement of short-term booms by sharp disruptions in production development are characteristic.

Discovered and scientifically substantiated by I. V. Stalin, the basic economic law of modern capitalism and the basic economic law of socialism reveal the root differences and deep opposition of the two modes of production—capitalist and socialist. The cognition of these laws gives the key to understanding and explaining all processes and all regularities of the economic development of the countries of the imperialist and socialist camps, to understanding and explaining the modern world economic situation.

In his work "Economic Problems of Socialism in the USSR", I. V. Stalin, comparing the main features and requirements of the basic economic law of modern capitalism with the essential features and requirements of the basic economic law of socialism, emphasized the great advantages of socialism over capitalism.

I. V. Stalin pointed out that under socialism, instead of securing maximum profits, there takes place the securing of maximum satisfaction of the material and cultural needs of society; instead of the development of production with interruptions from boom to crisis and from crisis to boom—the continuous growth of production; instead of periodic interruptions in the development of technique accompanied by the destruction of the productive forces of society—the continuous improvement of production on the basis of advanced technique.

V. I. Lenin and I. V. Stalin teach that in the epoch of imperialism and especially in the period of the general crisis of capitalism, the capitalist system of economy, developing on the whole along a descending line, parasitizes and decays. Modern capitalism is dying capitalism. At the same time, since October 1917, the socialist system of economy has been growing and developing, convincingly and indisputably showing its complete superiority over the old, outlived capitalist system.

Since the world war of 1914–1918 and the Great October Socialist Revolution, the decomposition of the economic system of world capitalism has begun. In 1917, the working class of Russia in alliance with the toiling peasantry, under the leadership of the Communist Party, overthrew the power of

capitalists and landowners. As a result, one-sixth of the world was forever liberated from the yoke of world imperialism.

From that time on, the world split into two systems. The struggle between these systems acquired decisive significance in world history. The Great October Socialist Revolution pointed out to all peoples groaning under the yoke of imperialism the only correct path leading from backwardness to progress, from oppression and disenfranchisement to freedom and independence, from hunger, poverty, and humiliation to a prosperous and happy life, to an unprecedented flourishing of science, culture, and art.

The Second World War led to a further contraction of the territorial sphere of imperialism's domination. As a result of the rout of German and Japanese fascist tyranny by the Soviet Union, a number of countries of Central and South-Eastern Europe—Poland, Czechoslovakia, Bulgaria, Romania, Hungary, and Albania—broke away from the system of world imperialism.

The liquidation of the yoke of Japanese imperialists in North Korea led to the formation of the Korean People's Democratic Republic. The historic victory of the great Chinese people dealt a heavy blow to the entire world capitalist system. The formation of the German Democratic Republic was a turning point in the history of Europe. As a result, a continuous massif of countries of the single and powerful socialist camp was formed, stretching from the Elbe and the Alpine mountains to the Bering Strait and the East China Sea, and possessing huge human and material resources.

At present, 1/3 of our planet's population is forever liberated from the chains of imperialist exploitation. The territory of the countries of the democratic camp, which before the war constituted 1% of the globe's territory, now embraces over 1/4 of the entire world's territory. The sphere of colonial domination of imperialism has greatly narrowed. I. V. Stalin in his speech at the XIX Congress of the Communist Party of the Soviet Union, comparing the modern international situation with the pre-war one, when the USSR was a lonely island in the ring of hostile imperialist states, and the Communist Party of the Soviet Union was the one and only "Shock Brigade" of the world revolutionary and working-class movement, said: "Now it is quite a matter. Now, when new 'Shock Brigades' in the person of the people's democratic countries have appeared from China and Korea to Czechoslovakia and Hungary, now it has become easier for our party to struggle, and work has gone more merrily"[209].

Nowadays throughout the entire world, two lines of world economic development have become even sharper than before. One line is the line of continuous upsurge of the peaceful economy in the Soviet Union and the People's Democracies, an economy that knows no crises and develops in the interests of ensuring the maximum satisfaction of the material and cultural needs of society, the line of friendly economic cooperation of the countries of the democratic camp. The other line is the line of the economy of modern capitalism, the productive forces of which are marking time, an economy struggling in the grip of

[209] I. Stalin, *Speech at the XIX Congress of the Party*. Gospolitizdat, 1952, p. 9.

the increasingly deepening general crisis of capitalism and constantly repeating economic crises, the line of militarization of the economy and the one-sided development of branches of production working for war, the line of competitive struggle between countries, of the enslavement of some countries by others.

Two radically opposite lines of economic development—in the USSR, on the one hand, and in capitalist countries, on the other—clearly defined themselves long before the Second World War. Having healed the deep wounds inflicted on the national economy by the world war of 1914–1918, the civil war and foreign intervention of 1918–1920, the Soviet Union under conditions of capitalist encirclement, overcoming all difficulties, rapidly marched along the path of the steady upsurge of its peaceful economy.

The peaceful labor of Soviet people was interrupted by the perfidious attack of fascist Germany on the USSR. Having finished the war with a historic victory, the Soviet Union entered a new, peaceful period of its economic development. The Soviet state in a short period, at the expense of its own forces and means, without outside help, restored the war-destroyed economy and moved it forward, far surpassing the economic indicators of pre-war times. The volume of industrial production in the USSR in 1951 amounted to 1266% in relation to 1929, that is, it increased over this period by almost 13 times. The output of industrial products in 1952 in comparison with the 1940 level increased by approximately 2.3 times. No country in the world has known such tempos in any of the periods of its development.

Industry producing means of production is developing especially rapidly. "The preferential growth of the production of means of production," Comrade Stalin teaches, "is necessary not only because it must provide equipment both for its own enterprises and for the enterprises of all other branches of the national economy, but also because without it expanded reproduction is generally impossible"[210].

This requirement of expanded socialist reproduction found reflection in the fifth five-year plan, envisaging the most rapid growth tempos of branches of industry producing means of production. Thus, while all industrial output will increase over the years of the fifth five-year plan by approximately 70%, the production of means of production will increase by approximately 80%. The five-year plan envisages the rapid development of such branches of industry as metallurgy, fuel, chemicals, electric power engineering, etc.

The growth of the production of means of production and the growth of agricultural output created a reliable base for the development of industry producing articles of consumption. The total volume of output of this industry in 1952 exceeded the pre-war level by approximately 60%. In 1952, the production of cotton, woolen, and silk fabrics, and leather footwear increased significantly. The production of sugar, butter, meat, and other foodstuffs increased. Over the years of the fifth five-year plan, the output of light and food industry will increase by not less than 70%.

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[210] I. Stalin, *Economic Problems of Socialism in the USSR*. Gospolitizdat, 1952, p. 67.

While manual and unqualified labor is widely used in capitalist countries, in the Soviet Union, engaged in peaceful creative labor, the mechanization of heavy and labor-intensive work in the national economy is being completed in the main, and production technique is constantly being renewed. Over the last three years alone, Soviet machine-building has created about 1,600 new types of machines and mechanisms.

The classics of Marxism-Leninism repeatedly emphasized that labor productivity is the most important, most main thing for the victory of the new social system. In a speech at the First All-Union Conference of Stakhanovites in 1935, I. V. Stalin said: "Why can, must, and certainly will socialism defeat the capitalist system of economy? Because it can give higher models of labor, a higher productivity of labor than the capitalist system of economy. Because it can give society more products and can make society richer than the capitalist system of economy"[211]. Guided by these instructions, the party and government at all stages of socialist construction achieved increases in labor productivity. Suffice it to say that only over the period from 1940 to 1951, labor productivity in the industry of the USSR increased by 50%, with 70% of the growth of industrial output over this period being obtained through the growth of labor productivity. In 1952, the labor productivity of workers in industry increased by 7% in comparison with 1951.

The steady growth of labor productivity is the result of the action of diverse factors. Among them, of decisive significance are: the wide introduction of new technique and advanced

[211] I. Stalin, *Problems of Leninism*, 1952, p. 532.

technological processes into the national economy, the mechanization and electrification of production, the raising of the general educational and cultural level of workers and engineering-technical personnel, their production qualifications, the growth of the material well-being and culture of working people.

On the basis of successes achieved in the restoration and development of the economy, our country has begun the implementation of the great construction projects of communism—the construction of powerful hydroelectric power stations on the Volga and Dnieper, the creation of shelterbelt forest plantings on a vast territory of the country. The solution of such grandiose national economic tasks is beyond the power of any capitalist state. In 1952, the first-born of the great construction projects of communism—the V. I. Lenin Volga-Don Shipping Canal—went into operation, and the Tsimlyanskaya Hydroelectric Power Station began generating electricity.

The industry of the People's Democracies, relying on the fraternal, unselfish aid of the Soviet Union, is developing at high tempos. Industrial production in Czechoslovakia over four years of the five-year plan increased by 83% and now almost doubles the level of pre-war 1937. People's Democratic Romania in the past year tripled its output of industrial products in comparison with 1948. Hungary's industry exceeded the pre-war level by 2.5 times. In Poland, the pre-war level of industrial production output was surpassed in 1951 by 2.9 times, in Bulgaria—by 4.6 times, in Albania—by more than 5 times. The Chinese People's Republic over three years

of its existence more than doubled the volume of industrial production.

In 1952, industrial production output increased in comparison with 1951: in the German Democratic Republic—by 17%, in Bulgaria— by 18%, in Czechoslovakia—by 18%, in Poland—by 20%, in Romania—by 23%, and in Hungary—by 24%. The Chinese People's Republic in 1953 began implementing the first five-year plan of economic construction.

While the industry of the USSR and other countries of the democratic camp, developing on a peaceful basis, is moving steadily and at rapid tempos in an ascending direction, the industry of the USA and other capitalist countries is characterized by destructive crises, the replacement of periods of short-term booms, connected mainly with wars and the arms race, by sharp disruptions and depressions.

Suffice it to say that over the period elapsed since the First World War, the capitalist world has experienced a number of economic crises (the crises of 1920–1921, 1929–1933, 1937–1938, the 1948 crisis in the USA). Over the last 35 years, industrial production in the USA has increased by only 2.6 times. If the USSR over the years of Soviet power increased the volume of industrial production by 39 times, it took England 162 years (from 1790 to 1951) to achieve the same increase in industrial production. France over the last 90 years increased its industrial production by only 5.5 times.

The development of industry in the USSR and in capitalist countries is characterized by the following data:

Growth of Industrial Production in the USSR and Capitalist Countries for 1929–1951 (in % to 1929)[212]

	1929	1939	1943	1946	1947	1948
USSR	100	552	573	466	571	721
USA	100	99	217	155	170	175
England	100	123	data not published	112	121	135
France	100	100	data not published	80	63	74
Italy	100	108	data not published	72	93	97

From the given table it can be seen that industrial production in the USA over the period from 1929 to 1939 marked time; it then rose only at the expense of a sharp increase in military production during the Second World War, then significantly declined and rose again only as a result of the unleashing of the war against the Korean people and the transition to an intensified arms race.

Striving to secure maximum profits, as well as to smooth over the economic difficulties that arose after the end of the Second World War, the imperialists of the USA, England, and France

[212] See G. Malenkov, *Report to the XIX Congress of the Party on the Work of the Central Committee of the C.P.S.U.(B.)*. Gospolitizdat, 1952, p. 8.

brought the militarization of the economy and the arms race in their countries to huge dimensions.

The conversion of the economy onto military rails allowed the USA and other capitalist countries to temporarily raise the level of industrial production. This was widely used by the apologists of imperialism for the purpose of spreading thoroughly false and cynical propaganda as if the militarization of the economy and the arms race could save the countries of capital from an impending economic crisis.

However, the arms race did not justify the rosy hopes of monopolies and their theoretical squires. The transfer of the national economy onto the rails of a military economy does not eliminate, but on the contrary deepens the disproportions between production possibilities and the contracting purchasing power of the population, which leads to a contraction of the capacity of the domestic capitalist market and creates prerequisites for a deep economic crisis. The reduction of civilian production occurs faster than the growth of production in military branches of industry caused by the fulfillment of huge armaments programs. As a result, the total volume of industrial production contracts.

Even the press of the monopolies is forced to admit that the production growth observed in the USA in the first stages of the militarization of the economy bore a purely artificial, temporary, and ugly character, and in prospect a collapse exceeding the crisis of 1929–1933 is ever more clearly outlined.

The general index of industrial production of capitalist countries in 1952 did not change in comparison with 1951. In the USA, Italy, Holland, and Norway, industrial production in 1952 remained at the 1951 level, in Sweden it contracted by 2%, in England—by 3%, in Denmark—by 4%, and in Belgium —by 5%. "The fall in the level of industrial production," it is noted in the "Report", "occurred mainly in light industry branches". The output of textile products fell in 1951/52 in comparison with 1950/51 in England by 15%, in Holland by 16%, in the USA by 19%, in Canada by 21%, in Denmark by 22%, and in Belgium by 29%.

The continuous and powerful upsurge of Soviet industry and all branches of the national economy of the USSR, on the one hand, and the signs of the mounting of another sharp economic crisis in the USA, England, Belgium, and other capitalist countries, on the other, provide new brilliant proof of the mighty strength of the socialist system, its great advantages over the capitalist system.

The agriculture of the USSR and the People's Democracies, on the one hand, and of capitalist countries, on the other, is also developing along two opposite lines.

The agriculture of our country is a solid and stable base for the continuously improving food supply in town and country, a reliable raw material base for peaceful socialist industry, a source of food and material reserves to secure our Motherland against all kinds of accidents.

In the work "Economic Problems of Socialism in the USSR", Comrade Stalin points out: "No one can deny the colossal

development of the productive forces of our agriculture over the last 20–25 years. But this development would not have taken place if we had not replaced the old capitalist production relations in the countryside in the thirties with new, collectivistic production relations. Without this production revolution, the productive forces of our agriculture would languish just as they languish now in capitalist countries"[213].

In the Soviet Union, socialist agriculture overcame the consequences of the past war and is steadily going uphill. The sown areas of all agricultural crops in 1952 exceeded the pre-war level by 5.3 million hectares. Crop yields are steadily growing. The gross harvest of grain crops in 1951 amounted to 7.4 billion poods, and in 1952—8 billion poods. The grain problem has been resolved among us finally and irrevocably. Significant successes have also been achieved in the sphere of animal husbandry. The directives of the XIX Congress of the Party on the fifth five-year plan for the development of the USSR for 1951–1955 envisage a new huge increase in agricultural output: the gross grain harvest must increase by 40 –50%, including wheat by 55–65%; raw cotton by 55–65%; flax fiber by 40–50%; potatoes by 40–45%. It is planned to increase livestock head count across all agriculture: large horned cattle by 18–20%, sheep by 60–62%, pigs by 45–50%, horses by 10–12%, and poultry head count in collective farms by 3–3.5 times.

A steady upsurge is also observed in the agriculture of the People's Democracies. Thanks to the correct policy of the

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213 I. Stalin, *Economic Problems of Socialism in the USSR*, p. 62.

Communist and Workers' Parties, the age-old backwardness of agricultural production was liquidated in these countries. The peasants of the people's democratic countries, having convinced themselves of the great advantages of the collective form of conducting economy, are joining production agricultural cooperatives, which are the sure path to a prosperous and cultural life. The socialist restructuring of agriculture, the wide application of modern machine technique, and the introduction of the achievements of advanced Soviet agrobiology ensure a systematic growth in volume and a rise in the marketability of agricultural produce. In Bulgaria, for example, the total volume of agricultural produce in 1951 increased by 43% in comparison with 1950. In Hungary, agricultural production in the same year constituted 116% in comparison with the average harvest of the ten pre-war years. In Romania, the 1951 harvest was 20% higher than in the previous year, with the level of agricultural production of 1938 being surpassed. In Albania, the gross agricultural output in 1952 was 63% higher than in pre-war 1938.

Against the background of the steady upsurge of agriculture in the USSR, the degradation and decline of agriculture in the USA and other capitalist countries stand out especially clearly. While in the capitalist world millions of peasants suffer severely from landlessness, two-thirds of arable land belonging to large landowners is not cultivated. Sown areas under wheat in capitalist countries contracted from 129.8 million hectares in 1938 to 92.3 million hectares in 1951. In the USA, wheat production from 1947 to 1950 fell by 26%. The government of Cuba, which is one of the main suppliers of sugar on the world

market, curtailed sugar production in 1952 by 30% against the 1951 level. In Pakistan, jute sowings are contracting by 25%. In California, orchards are being uprooted over a huge territory, and the cleared areas are sown with cotton, since a temporary demand for it arose in connection with the war in Korea.

While according to the official admission of the chairman of the FAO Committee on Food and Agriculture under the UN, the Brazilian economist Josué de Castro, author of the book "The Geography of Hunger", two-thirds of the population of the capitalist part of the world are chronically starving, landowners, striving to maintain a high price level on the market, destroy huge masses of agricultural products. In France in 1951, part of the apple trees was destroyed, and the destruction of "excess" grapevines continued. In Belgium in 1951, 6 million kg of chicory were destroyed. In Argentina, wheat is used as fuel. The rulers of many countries pay landowners special premiums at the expense of the state treasury, i.e., at the expense of millions of toiling taxpayers, for curtailing sown areas. "It must be recognized," Comrade Stalin said at the XVI Congress of the C.P.S.U.(B.), "that a system of economy that does not know what to do with the 'surpluses' of its production and is forced to burn them at a moment of crisis pronounces a death sentence upon itself"[214].

One of the most striking indicators of the operation of the basic economic law of socialism in the USSR is the steady rise in the material well-being and culture of working people of town and

[214] I. V. Stalin, *Works*, vol. 12, p. 323.

country. This constitutes the principled difference and root advantage of socialism over capitalism.

The main moving motive and principal aim of socialist production is ensuring the maximum satisfaction of the constantly growing material and cultural needs of all society. Both the development of production and the distribution of national income are subordinated to this aim. Only the consistent implementation of this aim of socialist production, constituting an economic necessity, opens up the possibility of the boundless development of productive forces. Under socialism there is not and cannot be any contradiction between the character of production and the mode of appropriation. "...The systematic improvement of the material position of working people," Comrade Stalin points out, "and the continuous growth of their needs (purchasing power), being a constantly growing source of the expansion of production, guarantees working people against crises of overproduction, the growth of unemployment and poverty"[215].

The steady rise in the material well-being and culture of Soviet people finds its concrete expression in such indicators as the growth of national income and public wealth, the increase in the number of workers and employees in the national economy, the growth of the average annual wages of workers in industry, the increase in the in-kind and monetary incomes of collective farms and, as a result of this, the growth of the personal incomes of collective farmers, the improvement of nutrition and housing conditions of working people of town and country,

[215] I. V. Stalin, *Works*, vol. 12, p. 321.

the growth of trade turnover and the systematic reduction of prices on mass consumption goods, the increase in budget appropriations for public health, education, and other socio-cultural measures, etc.

The most striking and generalizing indicator of the steady upsurge in the material well-being of the Soviet people is the growth of the national income of the USSR. The socialist system of economy, which knows no economic crises, unemployment, delays in technical progress, chronic underloading of production capacities, parasitic consumption, and other sores and vices of capitalism, ensures tempos of national income growth unheard of under capitalism.

Over the years of the first five-year plan, the average annual growth tempos of the national income of the USSR constituted 16%. The average annual absolute increment of the national income of the USSR over the first pre-war five-year plan amounted to 5.1 billion rubles (in 1926/27 prices), over the second—10.2 billion rubles, and over the three pre-war years of the third five-year plan—10.7 billion rubles.

The powerful upsurge of industry and agriculture in the post-war years ensured an even faster growth tempo of the national income of the USSR. Despite the huge destructions of the war years, the national income of the USSR in 1951 increased by 83% (in comparable prices) in comparison with pre-war 1940. In 1952, it increased by 11% in comparison with 1951. No country in the world has known such tempos of national income growth in any of the periods of its development.

In the directives of the XIX Congress of the Party on the fifth five-year plan for the development of the USSR for 1951–1955, the task is set: "On the basis of the continuous growth of socialist production and the raising of social labor productivity, to increase the national income of the USSR over the five-year period by not less than 60% and in connection with this ensure a further growth of the incomes of workers and employees and the incomes of peasants".

In the Soviet Union, the entire national income belongs to working people. The working people of our country receive for the satisfaction of their personal material and cultural needs about 3/4 of the national income, and the remaining part of the national income goes to the expansion of socialist production and to other all-state and public needs.

A striking expression of the tireless care of the Communist Party and the Soviet government for the welfare of the people, for the maximum satisfaction of their material and cultural needs, is the systematic reduction of state retail prices on food and manufactured goods. From 1947 to 1952, state retail prices on food and manufactured goods were reduced 5 times, and already before the present price reduction their level was on average 2 times lower than in the fourth quarter of 1947. In April 1953, the Communist Party and the Soviet government carried out the sixth in succession reduction of state retail prices over the post-war years. A characteristic feature of the present price reduction is that it extends essentially to all mass-consumption food and manufactured goods. This price reduction will give the working people of our country one of the largest benefits the population has received from price

reductions over the entire post-war period. Through state and cooperative trade alone, the direct benefit to the population will amount to 46 billion rubles a year in comparison with 27.5 billion rubles in 1951 and 23 billion rubles in 1952. In addition, under the influence of price reductions in state and cooperative trade, approximately the same price reduction will occur on the collective farm market, which will give the population an additional benefit in the sum of not less than 7 billion rubles. The total benefit to the population from the sixth price reduction will amount to not less than 53 billion rubles.

As a result of the steady growth of the monetary wages of workers and employees, the increase in the monetary and in-kind incomes of peasants, the reduction of prices on mass-consumption goods, and the growth of other payments to the population at the expense of the state, the real incomes of workers and employees, calculated per single working person, were already higher in 1951 than in 1940 by approximately 57%, and the real incomes of peasants, calculated per single working person, increased by approximately 60%. In 1952, the real incomes of workers and employees rose again in comparison with 1951 by 7%, and the real incomes of peasants —by 8%. The year 1953 brought with it a further growth in the real incomes of the working class, collective farm peasantry, and the intelligentsia of town and country.

The steady rise in the material well-being and culture of the Soviet people constitutes vivid proof of the superiority of the socialist system over the decaying capitalist system, which dooms working people to poverty, unemployment, and severe deprivation.

Monopoly capitalism, for the purpose of extracting maximum profits, carries out bestial exploitation of the working class and other toiling masses of "their" countries, enslaves and robs the peoples of colonial and dependent countries, prepares and wages destructive and bloody wars. Never before have Marx's angry words about the bourgeoisie, which is incapable of ensuring even a slave-like existence for its wage slaves, sounded with such force. The abyss between the wealth of a handful of imperialist parasites and the poverty of the popular masses is widening ever further.

In the epoch of imperialism and especially in the period of the general crisis of capitalism, the absolute and relative impoverishment of the toiling masses has sharply intensified. Along with the ever-increasing exploitation to which the proletariat is subjected by monopolies in the sphere of production and circulation, the working class and other working people bear the yoke of additional, financial exploitation on the part of the bourgeois government and the largest monopolies standing behind its back. This additional exploitation is carried out through taxes, loans, and the inflationary issue of paper money.

The classics of Marxism-Leninism teach that the relative impoverishment of working people is expressed in the steady decline of their share in the national income and the corresponding increase in the share of monopolies and their parasitic entourage. "The comparative share of workers in a rapidly enriching capitalist society," V. I. Lenin pointed out,

"becomes ever smaller, for millionaires grow rich ever faster"[216]. Life incessantly confirms the correctness of this proposition. Suffice it to say that in the USA the share of working people in the national income dropped from 51.1% in 1929 to 41.9% in 1950. In England in 1950, the share of one-tenth of the population, the most well-to-do, constituted, according to official data, 34%, while the incomes of half the population (the "poor part") constituted only 21% of the national income. The share of wages in the national income of France fell in 1951 to 29.5% against 40.5% in 1938. The share of wages in the national income of West Germany in 1951 fell to 46% against 52.3% in 1938. Relative impoverishment has also sharply intensified in other countries of the imperialist camp.

The absolute impoverishment of the popular masses is expressed in the systematic fall of real wages, in the growth of the scale of unemployment, in the intensification of labor intensity, in a sharp deterioration of nutrition and housing conditions. The policy of "blocking" or "freezing" nominal wages pursued by the rulers of bourgeois countries, i.e., holding them for a long time at an unchanged level, under conditions of the systematic whipping up of prices by monopolies in combination with the action of inflationary factors, increasingly intensifies the absolute impoverishment of working people.

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[216] V. I. Lenin, *Works*, vol. 18, p. 406.

The real wage of a worker in the USA, taking into account labor intensity, was lower than the pre-war one in mid-1952 by 30%. The real wages of West German workers by the beginning of 1952 were lower than the pre-war level by approximately 30%. The real wages of English workers in 1952 were 20% lower than pre-war. In France, the real wages of workers in 1952 constituted less than half of pre-war.

While in the Soviet Union the consumption of the popular masses increases from year to year, in the countries of the imperialist camp the consumption of the toiling masses is contracting. In the "Report on the World Economic Situation 1951–1952", it is noted that in comparison with 1950/51, the volume of consumption contracted in 1951–1952 in Denmark by 7%, in Holland and Sweden—by 5%, in England—by 4%, in Norway and Canada—by 2%, and in the USA—by 1%.

Inflation is intensifying in the countries of capital, as is vividly evidenced by the data of the following table:

Money Mass in Circulation	**Demand Deposits**	**Industrial Production**	**Wholesale Prices**
August 1952 in % to 1937			
USA	470	190	307
England	399	198	306

France	2 133	2 617	111
Italy	7 074	9 503	117
Japan	17 520	18 762	108

Behind the cited figures lies an unprecedented depreciation of money. The purchasing power of the dollar—that claimant to world currency hegemony—in 1951 constituted in relation to 1939, according to official, clearly glossed-over data, only 43%. The past year 1952 brought with it a further depreciation of the dollar. According to a report by British Chancellor of the Exchequer Butler, if the value of the pound sterling in 1938 is taken as 100, its real value constituted 65 in 1945, 52 in 1950, and 44 in 1952. In other words, the purchasing power of the pound sterling, which equaled 20 shillings in 1938, contracted by the end of 1952 to 9 shillings. The purchasing power of the French franc already in 1951 constituted in comparison with 1939 only 3.8%, the Italian lira—less than 2%, and the Japanese yen—less than 1%. The currencies of other countries of the imperialist camp are increasingly depreciating.

The inflationary depreciation of paper money sharply intensifies as a result of the policy of whipping up prices pursued by monopolies.

In Italy, retail prices for basic food products increased merely over the period from September 1951 to September 1952: for bread—by 10%, vegetables and fruit—by 11%, beef—by 4%,

pork—by 3.5%. In Sweden, prices for mass-consumption items rose during 1952 by 10%. In England in September 1952, prices for sugar rose in comparison with 1950 by 40%, for bacon—by 24%, for butter—by 50%. High cost of living is also growing in other countries of capital. As a result of nominal wages lagging behind price growth, the living standard of the popular masses in the countries of capital is falling, and the consumption of food products, household items, clothing, and footwear is declining.

According to data of the UN Economic Commission for Europe, in the first quarter of 1952 the consumption of textiles and clothing was lower than in 1949 in France and Denmark by 13%, in Belgium by 22%, in Sweden by 23%, in England by 26%, in Holland by 27%, in Austria by 37%. Simultaneously, the consumption of sugar, butter, and meat is contracting, becoming increasingly unaffordable for working people. Only over the period from 1949 to 1951 in France, meat consumption contracted by 24%, and fresh vegetables and fruit by 27–28%. In England in 1951, per capita consumption of meat products and butter fell in comparison with pre-war by 40%, rice—by 37%, sugar—by 16%. In the United States of America, the production and consumption of butter in 1951 declined in comparison with the pre-war period by 41%, and the consumption of mutton by 56%.

Both the "Report on the World Economic Situation" and the "Economic Survey of Europe" contain admissions that the contraction of the level of production in capitalist countries, especially in branches of industry producing consumer goods, led to the closure of many enterprises and the growth of

unemployment. "In 1952," the "Report" points out, "unemployment was mainly concentrated in the industrial sector producing civilian consumer goods". According to the clearly understated data of the "Survey", unemployment in Western European countries constituted 5 million people in 1938 and 4.4 million people in 1951. In other words, unemployment in Western European countries is approaching the level of 1938, when the regular economic crisis began. "A significant growth of unemployment," the "Report" notes, "occurred in Belgium, Italy, Holland, and England".

In the USA alone, according to official data, there are over 1.3 million fully and partially unemployed. In Italy, the number of fully and partially unemployed constitutes over 4 million, in West Germany—almost 3 million. In England, even according to bourgeois press reports, the number of fully unemployed alone reached almost 500 thousand at the end of 1952. In France, as a result of the curtailment of peaceful production enterprises, the number of fully and partially unemployed rose to 2.5 million people.

Poverty and hunger, the horrors of unemployment and exhausting labor to which millions of working people are doomed—such are the inevitable results of the operation of the basic economic law of modern capitalism.

The root differences of post-war economic development in the countries of the peace-loving, democratic camp and in the countries of the aggressive, anti-democratic camp also find their expression in the sphere of international economic relations.

Economic relations between the Soviet Union and other countries of the democratic camp are based on full and genuine equality. They rely on the unshakeable Leninist-Stalinist principles of proletarian internationalism, on close friendship and mutual assistance, respect for the national independence and sovereignty of large and small states. Economic ties between the USSR and the people's democratic republics contribute to the all-out economic and political strengthening of the democratic camp and the preservation of peace throughout the world.

"...Over the post-war period these countries," Comrade Stalin points out, "have economically drawn closer together and established economic cooperation and mutual assistance. The experience of this cooperation shows that no capitalist country could render such effective and technically qualified assistance to the people's democratic countries as the Soviet Union renders them. The point is not only that this assistance is maximally cheap and technically first-class. The point is above all that at the base of this cooperation lies a sincere desire to help each other and achieve a general economic upsurge. As a result, we have high tempos of industrial development in these countries. It can be said with confidence that with such tempos of industrial development the time will soon come when these countries will not only not need to import goods from capitalist countries, but will themselves feel the necessity of exporting surplus goods of their own production to the outside"[217].

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[217] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 31.

Economic cooperation and mutual assistance between democratic countries develop on the solid basis of the planned upsurge of the economy and comradely coordination of national economic plans. Trade turnover between these countries over the period from 1948 to 1952 increased by more than 3 times. The Soviet Union supplies the People's Democracies with first-class modern equipment, renders them maximally cheap technical assistance, and gratuitously transfers patents, licenses, and production technology. The new type of relations that has taken shape between the countries of the democratic camp serves the cause of their economic and political independence, and contributes to the development of their national economy in the interests of the peoples of these countries, in the interests of satisfying the material and cultural needs of working people.

Of enormous significance for the further development of the economic cooperation of free peoples is the fifth five-year plan for the development of the USSR. "This five-year plan," the directives of the XIX Congress of the Party state, "is a plan of peaceful economic and cultural construction. It will promote the further consolidation and expansion of the economic cooperation of the Soviet Union and the People's Democracies and the development of economic relations with all countries desiring to develop trade on the principles of equality and mutual benefit".

The character and direction of the development of economic ties between the USA, England, France, and other countries of the anti-democratic camp are determined by the imperialist policy of dictate and enslavement of peoples pursued by

monopolists. These relations are built on the law of the jungle, on a policy of secret deals, seizures, open and hidden enmity, on a fierce competitive struggle for sources of raw materials and sales markets.

The disintegration of the single all-embracing world market led to an intensification of the already deep dislocation of the foreign trade of capitalist countries. The capacity of the narrowed capitalist world market is steadily contracting. The return of Western Germany and Japan to the world capitalist market caused an aggravation of the competitive struggle.

In the trade turnover of the world capitalist market, the specific weight of armaments and strategic raw materials is increasing at the expense of a contraction in trade in food and manufactured goods. The militarization of the economy has led to a contraction of export possibilities in a number of countries. At the same time, the purchasing power of the population has sharply declined. Suffice it to say that world food trade in 1950 contracted by almost one-third in comparison with the pre-war level.

Such are some, by far not complete data characterizing the two opposite lines of economic development of the countries of the democratic camp, on the one hand, and the countries of the capitalist camp, on the other. These facts and data confirm again and again that the opposition of the action of the basic economic law of modern capitalism and the basic economic law of socialism determines the opposite paths and results of the economic development of the two systems. The socialist economy, following the path of steady upsurge and flourishing,

vividly demonstrates its greatest advantages over the capitalist economy—an economy of stagnation and decline.

Questions of Philosophy, No.5, 1953.

G. Ganshin

THE INDUSTRY OF THE PEOPLE'S REPUBLIC OF CHINA UNDER THE CONDITIONS OF THE COUNTRY'S TRANSITION TO LARGE-SCALE PLANNED ECONOMIC CONSTRUCTION

The successes achieved in raising the national economy of the People's Republic of China over the three-plus years since its formation have enabled the leadership of the Communist Party and the People's Government of China to set a new majestic task before the Chinese people: to transition from economic restoration to large-scale planned economic construction. Premier of the Government Administration Council of China, Zhou Enlai, in his report at the fourth session of the National Committee of the People's Political Consultative Conference on February 4, 1953, noted that "the stage characterized by the economic restoration of our country has already passed, and the implementation of the first five-year plan for national economic construction is beginning"[218].

Large-scale economic construction launched in the People's Republic of China aims to completely eliminate in the field of economy the grave consequences of the old, semi-feudal, and semi-colonial system—and above all, China's industrial backwardness. The first five-year plan, the implementation of which the Chinese people embarked upon in 1953, as emphasized by the Chinese press, must lay the foundations for the industrialization of China and prepare the groundwork for its gradual transformation into a powerful industrial power.

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[218] *"Pravda", February 7, 1953.*

The leadership of the Chinese Communist Party has always attached special importance to the task of industrializing the country. The leader of the Chinese people, Comrade Mao Zedong, in his work "On Coalition Government," written in 1945, pointed out: "The task of the working class of China consists not only in fighting for the independence, freedom, democratization, and unification of the country, but also in fighting for the industrialization of China and for the modernization of its agriculture"[219].

In the consistent industrialization of the country, the Communist Party of China sees the only way to ensure China's complete economic independence from imperialist states, the successful development of all branches of the national economy, the strengthening of defense capability, and the raising of the living standard of China's population.

The restoration and development of heavy industry are at the center of attention of the Communist Party and the People's Government of China. Branches of heavy industry are being restored and developed at the most rapid rates. During the three years of existence of the People's Republic of China, the specific weight of heavy industry in the total volume of industrial production of the country has noticeably increased. Thus, while in 1949 the specific weight of the production of the means of production accounted for 32.5% of the total value of industrial output, in 1952 it reached approximately 43.8%[220]. Simultaneously with the development of heavy industry in China, the restoration and further development of light industry is taking place, primarily in branches producing items of mass consumption—cotton fabrics, footwear, food products, etc.

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[219] *Mao Zedong, Selected Works, Dairen, 1948, p. 124 (in Chinese).*

[220] *See "Economic Successes of New China over Three Years." Collection of articles. Peking, 1952, p. 123 (in Chinese).*

The questions of launching large-scale industrial construction in China and establishing the foundations of a powerful domestic industry acquire special relevance in the current international situation, when the Chinese people, hand in hand with the peoples of the Soviet Union and all peace-loving peoples, are fighting for the preservation and consolidation of peace throughout the world.

The restoration and development of industry in the People's Republic of China are being carried out on the basis of radical democratic transformations in all spheres of the political, economic, and cultural life of the country. "...Our main slogan is: for democratization and for industrialization! Democratization and industrialization are inseparable from each other in our country," said the Secretary of the Central Committee of the CPC, Liu Shaoqi, in his speech at the Conference of People's Representatives of Peking on February 28, 1951[221].

The victory of the people's revolution in China put an end to the dominance in the country of foreign imperialism and the feudal-comprador clique of Chiang Kai-shek, on which foreign imperialism relied while pursuing a policy of enslavement and systematic plundering of the Chinese people. All property belonging to Japanese monopolistic concerns, the Japanese occupational army, as well as representatives of the so-called bureaucratic capital, passed into the hands of the people's state. Enterprises and resources confiscated by the people's authority in China formed the basis of the state economic sector, which, as stated in Article 28 of the Common Program of the People's Political Consultative Council of China, is socialist in character.

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[221] *"People's China" No. 7-8, Vol. III, 1951, p. 10.*

The most important condition for the transition to creating a powerful industry in China is the elimination of feudal remnants in the country's economy and, above all, the consistent transformation of the feudal-landlord system of land ownership into a system of peasant land ownership. Agrarian revolutionary transformations, the implementation of which in China has been basically completed, liberate the productive forces in agriculture from the feudal remnants that bound their development and clear the path for the country's industrialization. The implementation of land reform and, as its consequence, the rise of agriculture expand the raw material base for many branches of Chinese industry and make it possible to provide food for the country's population. As a result of agrarian transformations, the well-being of the peasantry, who constitute the majority of the country's population, is increasing, and their purchasing power is growing.

Proceeding from the experience of industrialization in the Soviet Union, the Communist Party and the People's Government of China consider domestic accumulations as the primary source of financing industrial construction. At the same time, a huge role is assigned to economic assistance to China from the Soviet Union. As noted in one of his speeches by the Chairman of the Financial and Economic Committee of the Central People's Government, Chen Yun, "the development of our national economy must rely on the efforts of our own people. Of course, this does not mean that we do not need technical or any other outside help. We need such assistance, but we cannot receive it from imperialism... The Chinese people understand that only the socialist Soviet Union and the fraternal countries of people's democracy can help us in restructuring our national economy"[222].

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[222] *"For a Lasting Peace, for a People's Democracy!", June 29, 1951.*

The People's Government accumulates material resources and expends them in a planned manner through the system of state and local budgets and through the credit system. As a result of the transfer of the most important means of production into the hands of the state, along with taxes, new sources have appeared in state revenues—profits of industrial enterprises, railways, banks, etc. Receipts into the budget from state enterprises are continuously growing. In the current year, receipts from state and cooperative enterprises in the form of taxes and profit deductions will constitute about 60% of all budget revenues, compared to 34.08% in 1950.

In the budget of the People's Republic of China, expenditures on economic and cultural construction increase from year to year. Already in the first budget of the People's Republic of China for 1950, about 24% of all expenditures were allocated for the needs of economic construction. In the budget for 1953, 44.34% of all budget expenditures are intended for financing the national economy. About half of these allocations will be directed into industry. Allocations for heavy industry and machine building have been increased by 47.31% compared to 1952, for the fuel industry by 84.56%, for geological exploration by 611.46%, etc.[223]

The successful restoration and development of China's industry were facilitated by measures of the People's Government aimed at strengthening the financial situation in the country, stabilizing prices, unifying and strengthening the currency, and the like. The Communist Party and the People's Government of China mobilize the working class and other working people for the rational expenditure of material resources, for the struggle to save raw materials, fuel, electricity, and for a thrifty attitude toward property, which contributes to the growth of intra-industrial accumulations.

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[223] *"Renmin Ribao", February 18, 1953.*

The most important factor ensuring the development of industry in the People's Republic of China is the growth and strengthening of the state economic sector. In 1952, more than 60% of all industrial production in the country (excluding handicraft production) was accounted for by the state sector. In heavy industry, state-sector production constituted about 80%. The role of the state sector is especially great in such crucial branches of heavy industry as iron and steel metallurgy, petroleum, coal, and machine-building industries.

The People's Government, relying on the law of planned, proportional development of the economy, exercises planned management of state industrial enterprises. Beginning in 1950, industrial ministries under the direction of the Financial and Economic Committee of the Central People's Government compile annual plans for their respective industrial branches and organize their execution. Annual branch plans establish planned targets for output release, production capacity expansion, capital repairs and construction, labor productivity improvement, cadre training, etc.

In the state industry of the People's Republic of China, management methods that have firmly entered the practice of the socialist industry of the USSR are being successfully applied. On all state industrial enterprises of China, the system of cost accounting (khozraschyot) has been introduced. Thanks to the introduction of cost accounting, industry workers have achieved significant success in effectively utilizing equipment, saving materials, reducing overhead expenses, accelerating working capital turnover, and ultimately lowering production costs. The introduction of cost accounting, especially in heavy industry, and the further consolidation of this management method are of exceptionally great importance for creating intra-industrial accumulations, which are extremely necessary for launching economic construction on a large scale.

The widespread application of advanced, socialist management methods at state enterprises and the strengthening of all links of planned guidance over them created the prerequisites for transitioning to national economic planning on the scale of the entire country, for drawing up the first five-year plan for the development of the national economy of the People's Republic of China. To further strengthen leadership over the work of planning the country's national economy, the Central People's Government Council of China, at its 19th meeting in November 1952, decided to establish the State Planning Committee.

Comrade Mao Zedong has repeatedly emphasized that in order to achieve the fastest restoration and development of the economy of the People's Republic of China, it would be necessary for the people's state, for a fairly long period after the victory of the revolution, to utilize the entrepreneurial activity of private capital, "to utilize all urban and rural capitalist enterprises that are beneficial to the national economy..."[224]. Proceeding from this, the people's state provides diverse assistance to private capitalist enterprises. Using the system of orders for raw material processing (provided by state companies to private enterprises), concluding contracts for the procurement of private enterprise products, and granting them credits, the People's Government increasingly subjects the private capitalist sector to the regulatory influence of the state, placing it at the service of the country's economic construction interests. Along with this, the organs of people's power carry out a decisive struggle against those capitalist elements that, in pursuit of unrestrained gain, embark on illegal actions, engage in speculation, evade tax payments, and inflict damage on the country's economy through their actions.

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[224] *Mao Zedong, On the People's Democratic Dictatorship, Gospolitizdat, 1949, p. 15.*

The Central People's Government, fulfilling the function assigned to it by the Common Program—the coordination and regulation of various sectors of the country's economy—pays primary attention to the development of the state economic sector, which is the leading and guiding sector in the economy of the People's Republic of China. As noted by member of the Political Bureau of the Central Committee of the Communist Party of China Peng Zhen, "the scale and rapidity of development of public enterprises many times exceed the scale and speed of development of private enterprises. As a result, the share of public sector enterprises and their leading role in the entire economy of the country are constantly increasing"[225]. The steady growth of the state economic sector in the People's Republic of China, the systematic increase of its specific weight in the total volume of industrial production of the country constitute one of the decisive conditions for the consistent strengthening of planned guidance over China's national economy, one of the main factors in consolidating the people's democratic system and preparing conditions for the future transition to socialist construction.

The Communist Party and the People's Government of China pay great attention to improving the organization and conditions of labor in industry, raising the material and cultural living standard of the workers. The successful fulfillment of China's industrial development plans depends to a great extent on the correct and timely resolution of these issues.

In the People's Republic of China, real wages of workers are systematically rising, which is a direct consequence of the growth in labor productivity, the cessation of inflation in the country, the strengthening of the national currency, and the widespread stabilization and partial reduction of prices. In

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[225] *"For a Lasting Peace, for a People's Democracy!", April 27, 1951.*

1952, real wages of workers in state industrial enterprises across the country exceeded the 1949 wage level by an average of 75%.

The people's state displays great concern for the life and living conditions of workers. Since March 1951, the law on labor insurance came into force, which by the end of 1952 covered more than 3 million people. The People's Government and local authorities pay tremendous attention to improving safety techniques at enterprises. An important factor contributing to reducing labor turnover, increasing the size of the working class, and raising its qualifications is the improvement of housing, living, and cultural conditions of workers' lives. In Northeast China alone, between 1950 and 1952, over 2.5 million square meters of housing space were constructed for workers. The country is seeing a growth in the number of medical institutions providing free medical care to workers and employees.

More than 3 million Chinese workers and employees attend evening schools in their off-duty time, where they learn literacy and raise their general educational and political level. Culture is firmly entering the daily life of Chinese workers. Dozens of houses of culture, a large number of clubs, and thousands of libraries for workers have been created in the country.

The working people of China felt themselves to be the masters of their country for the first time. This determined their new, conscious attitude toward labor. Under the leadership of the Communist Party and trade unions, workers are persistently fighting for the early fulfillment of production plans, better utilization of equipment, improving product quality, and lowering production costs. Labor competition is widening among workers, which acquired a particularly powerful scope after the start of American aggression in Korea. At the call of the Communist Party, a mass movement unfolded among workers to resist the armed aggression of the US and aid

Korea. In all state enterprises and in most private ones, the struggle to increase output and improve production indicators intensified. Already in 1951, about 2.5 million workers participated in the patriotic production competition, and in the first half of 1952—more than 80% of all workers and employees of industrial enterprises. In the course of the competition, Chinese workers and employees over three years submitted about 400,000 rationalization proposals, 250,000 of which were introduced into production, yielding huge savings for the state.

The Chinese people are carrying out a majestic program of economic reconstruction of their country, relying on the fraternal, selfless assistance of the Soviet Union. The Soviet Union provides the Chinese people with diverse economic, scientific, and technical assistance. One type of assistance was the provision by the Soviet Union of a long-term economic credit to China in the amount of 300 million US dollars on favorable terms at an interest rate of 1% per annum. On account of this credit and in accordance with special agreements concluded between the USSR and the People's Republic of China, China was supplied with valuable industrial equipment, machinery, and key raw materials and supplies worth many millions of rubles for the restoration and development of Chinese industry. The Soviet Union also renders assistance to China through the creation of joint Sino-Soviet joint-stock companies for the development of the natural resources of China's Xinjiang province, in accordance with special agreements signed in 1950. At the request of the People's Government, the Soviet Union sent a large number of specialists to China: engineers, technicians, Stakhanovite innovators, who participate in the construction of new industrial enterprises and help engineering-technical workers and workers of China master advanced Soviet science and technology.

J. V. Stalin, speaking about the character of the assistance rendered by the Soviet Union to the people's democratic countries, noted that "it is not only that this assistance is maximally cheap and technically first-rate. It is above all that at the foundation of this cooperation lies a sincere desire to help one another and to achieve a general economic rise. As a result, we have high rates of industrial development in these countries"[226].

Comrade Mao Zedong, in his speech at a meeting of the fourth session of the National Committee of the People's Political Consultative Council of China on February 7, 1953, emphasized that one of the three urgent tasks facing the Chinese people is the study of the experience of the Soviet Union and its utilization in the construction of the People's Republic of China. "We intend to carry out great national construction," said Comrade Mao Zedong. "The work we have to do is difficult, and our experience is insufficient. Therefore, we must persistently learn from the advanced experience of the Soviet Union... We must study not only the theory of Marx, Engels, Lenin, and Stalin, but also the advanced science and technology of the Soviet Union. To build our country, we must bring the work of learning from the Soviet Union to nationwide proportions"[227].

The assistance of the Soviet Union is a mighty factor and a reliable guarantee of the successful realization by the People's Republic of China of majestic economic construction plans. Comrade Mao Zedong, in a telegram to Comrade J. V. Stalin on February 10, 1953, wrote: "Over the course of three years, relations of close friendship and cooperation between the two great allies, China and the Soviet Union, have strongly

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[226] *J. Stalin, Economic Problems of Socialism in the USSR, Gospolitizdat, 1952, p. 31.*

[227] *"Pravda", February 9, 1953.*

consolidated and developed. The genuinely selfless assistance rendered by the Soviet Government and the Soviet people to the new China has not only accelerated the restoration and development of China's economy, but will also be of major importance for the implementation of China's first five-year plan of state construction on a large scale"[228].

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As a result of the heroic efforts of the working class of China, led by the Communist Party and the People's Government, and thanks to the fraternal, selfless assistance of the Soviet Union, the industry of the People's Republic of China has achieved significant success. By the third anniversary of the People's Republic of China, the volume of industrial output in value terms had more than doubled compared to 1949. The production level in basic branches of industry (with the exception of coal mining) in 1952 surpassed the highest indicators achieved by China in the past. Heavy industry was restored and developed at particularly rapid rates. As reported by the newspaper "Renmin Ribao" (Jan 1, 1953), in 1952 the production level of pig iron was 105% compared to the record level of previous years, steel—170%, electric power—114%, cement—153%, etc.

The significant growth in production achieved in a number of industrial branches in 1951–1952 was conditioned by the completion of the restoration of existing production capacities, and in a number of cases, by their expansion. This growth in production was also ensured by a continuous rise in labor productivity and better utilization of enterprise equipment. Overall, across the country, industrial labor productivity rose by 88% during the three years of the republic's existence.

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[228] *"Pravda", February 14, 1953.*

Great successes were achieved by the working people of China in restoring and developing one of the primary branches of heavy industry—iron and steel metallurgy. Thanks to the selfless labor of Chinese workers and the help of Soviet specialists, metallurgical plants in Northeast China that were completely destroyed by the Japanese invaders entered operation once again. Thus, at the country's largest Anshan Metallurgical Combine, in the initial period after liberation, pig iron and steel smelting was 10 times lower than the maximum pre-liberation level. In 1952, pig iron production reached about 63% and steel about 92% of this maximum level. Characteristically, these indicators were achieved under conditions where the combine's equipment was restored by one-third for pig iron production and by less than half for steel production. At the Anshan Combine, work on constructing new industrial objects already launched in April 1952. Large-scale capital construction in Anshan, which, as emphasized in Chinese newspapers, is carried out with technical assistance from the Soviet Union, should lead to a 3-4 fold increase in metal smelting in a few years.

Pig iron and steel production at plants in Peking, Tianjin, and Tangshan also significantly exceeded the highest level achieved in the past. In Taiyuan, the largest metallurgical center of North China, pig iron and steel production increased 8-fold during the three years of the republic's existence. Over the same period, pig iron and steel production in Southwest China grew more than 6-fold.

In the People's Republic of China, the task of equalizing capacities for the production of pig iron, steel, and steel products is being successfully resolved, eliminating the gap between them that existed in the past. In the first place, capacities for steel production and especially rolled products are being restored. Metallurgists of China have mastered the

production of special, super-hard steels, various complex alloys, new types of rolled products, etc.

In the course of restoration work, in the struggle to fulfill plans for output release, enterprise teams in metallurgy are introducing advanced methods into production and raising labor productivity. Thus, for example, workers of the steel foundry plant of the Anshan Combine, with the help of Soviet specialists, mastered the high-speed steel smelting method. The utilization coefficient of blast furnace production capacity also approached the level achieved in the Soviet Union. Thanks to the introduction of new methods into production and the growth of labor productivity, most enterprises in China's metallurgical industry fulfilled their 1952 production program far ahead of schedule. Thus, the Shijingshan plant (near Peking) fulfilled its annual pig iron smelting plan 2 months ahead of schedule, and the Tianjin steelmaking plant fulfilled its steel output plan 2.5 months ahead of schedule.

Utilizing the advanced production-technical experience of the Soviet Union, workers in the metallurgical industry of the People's Republic of China increase metal output day by day.

One of the most important tasks in the field of economic construction set before the Chinese people by the Communist Party and the People's Government is the elimination of China's backwardness in domestic machine building. The machine-building industry of old China was in total dependence on foreign states. Before World War II, it accounted for only 0.9% of the total volume of industrial production of the country. Even the largest machine-building enterprises in Northeast China lacked a complete production cycle. For example, the shipyard in Dalian, which had comparatively good equipment, could not produce certain key parts for sea-going vessels: steam engine cylinders, propeller shafts, etc. All these parts were imported from Japan. Japanese industry also supplied a number of parts to China's largest

railway rolling stock plant in Dalian. Japanese imperialists, and later Kuomintang bandits, subjected China's machine-building industry to barbaric destruction. For example, the production equipment of machine-building plants in Northeast China was 80% put out of action. By the time of the liberation of Northeast China, no more than 500 operable machine tools remained at enterprises transferred to the authority of the Machine-Building Industry Administration. Thanks to the heroic efforts of Chinese workers and the help of the Soviet Union, China's machine-building enterprises were restored in a short time, and many of them were expanded and reconstructed.

The working class of China, under the leadership of the Communist Party and the People's Government, persistently fights to create a powerful domestic machine-building industry, which, according to J. V. Stalin's definition, is the core of heavy industry.

The machine-building industry of the People's Republic of China has mastered the production of new types of machinery and mechanisms of primary importance for economic construction. Special attention is paid to increasing the production of agricultural machinery and implements, of which the country is in acute need. During 1951–1952, China also set up the production of cutting tools and many other types of complex mining equipment, weaving looms, certain types of metalworking machine tools, equipment for hydrotechnical construction projects, and high-capacity electrical power equipment. Over three years, the machine-building industry of Northeast China alone mastered more than 400 new types of machinery and mechanisms[229]. For the first time in China's history, a tractor, automobiles, a steam locomotive, a floating dock, etc., were manufactured at domestic enterprises. The first

[229] *"Daily News Release", Peking, December 13, 1952.*

models of these complex machines are so far experimental in nature. However, the very fact of their production vividly testifies to the huge growth of technical capabilities of the industry of the People's Republic of China.

Just as in other branches, advanced Soviet technical experience is being successfully applied in China's machine-building industry. High-speed multi-tool metal cutting methods, taught to Chinese workers by Soviet Stakhanovites, received widespread application at the machine-building and metalworking enterprises of the country[230]. As a result of applying these methods, the productivity of machine tools in Chinese industry increased on average by 4–5 times.

China's coal industry is being successfully restored. By June 1952, 83% of all coal mines that were almost completely destroyed by Japanese militarists on the eve of surrender and Kuomintang troops before their retreat had been restored and put into operation[231]. The coal mining level in China in 1952 reached 95% relative to the maximum level of previous years. The restoration of the Chinese coal industry is carried out on the basis of a more effective utilization of equipment, a more rational organization of the production process, and the introduction of Soviet coal mining methods. Thanks to the application of these methods, many miners achieved high labor productivity. In 1943, in Northeast China, coal extraction per miner averaged 171 tons per year, and in 1951—already 247 tons. During 1950–1952, work was carried out on the mechanization of coal extraction in China. The largest coal mines belonging to the state are equipped with coal-cutting machines, pneumatic picks, rock-loading machines, and other mining equipment, both received from the Soviet Union and

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[230] *"China Reconstructs" No. 5, 1952, p. 32.*

[231] *"Renmin Ribao", January 3, 1952.*

manufactured at domestic plants. Since 1952, Soviet "Donbass" coal combines began to be used in the coal mines of Northeast China. As reported in the Chinese press, on large coal mines of the country, the mechanization of coal extraction work reached 70%, and its transportation 41%.

In China, along with the restoration and technical reconstruction of existing mines, the construction of new mines and the development of new coal deposits has begun. Thus, in Northeast China in 1951, construction work began on developing open-pit coal operations in the Fuxin coal basin area, which, once developed, will yield as much coal as three large mines currently operating in this basin. In addition, the Fuxin Mining Administration is completing the construction of a large mine equipped with the newest machinery. In 1953, construction of two other mines as well as a mining equipment manufacturing plant is scheduled to begin in the area of this deposit.

Great attention is paid in the People's Republic of China to the restoration and development of the petroleum industry—one of the most backward branches in the past. Over three years (1950 –1952), oil fields in Gansu and Shaanxi provinces were completely restored, as well as large synthetic liquid fuel plants in Northeast China. Two new enterprises were constructed: an oil refinery and a synthetic liquid fuel plant. Up to 90% of all equipment of oil refining enterprises existing in China was brought into operation after the victory of the people's revolution in the country. Special attention is paid to oil resource exploration. Up to 80% of all funds allocated by the state for the development of the oil industry now goes toward exploratory work. Speaking at the end of 1951 at the opening of the "China's Petroleum Industry" exhibition in Peking, Vice-Chairman of the Central People's Government Zhu De called upon oil industry workers to "increase oil extraction and fuel production from shale so that China, in terms of oil production

in the next 5–10 years, catches up with the main world oil producers"[232].

Significant successes were achieved in people's China in the restoration and development of other branches of heavy industry: extraction and processing of non-ferrous and rare metal ores, chemical industry, electric power industry. The building materials industry is developing at a rapid pace, which is especially important in conditions of large-scale expansion of industrial, transport, housing, and other types of construction in the country.

To satisfy the growing material and cultural needs of China's working people, the People's Government pays great attention to the restoration and development of light industry. In 1952, cotton yarn production exceeded the maximum pre-war level by 50%, and cotton fabric by 65%. Paper production more than doubled. Production of flour, matches, and a number of other light industry products exceeded the pre-war level.

Along with new large heavy industry enterprises, new light industry enterprises, including textile enterprises, are also being created in the country. In 1952, a large flax spinning and weaving mill was built and commissioned in Harbin. As noted in the Chinese press, this new textile mill was constructed with the help of Soviet specialists and equipped according to the latest word in technology. All workshops of the factory are equipped with the newest highly productive automatic and semi-automatic machine tools. Large textile enterprises were also built in Wuhan, Xinjiang province, and a number of other cities and regions of China.

In 1953—the first year of the first five-year plan—China's industry will significantly increase output release. As Zhou Enlai indicated in his report at the fourth session of the

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[232] *"Pravda", November 17, 1951. It should be recalled that the maximum extraction of natural oil in Kuomintang China was only 71,000 tons (in 1946).*

National Committee of the People's Political Consultative Council, in 1953 output release will increase compared to 1952: for pig iron by 14%, steel ingots by 23%, oil by 42%, copper by 39%, machine tools by 34%, cotton fabrics by 16%, paper by 6%, etc.[233]

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The years that have passed since the formation of the People's Republic of China were basically years of restoration of China's industry, destroyed by Japanese imperialists and Kuomintang bandits. However, already in the course of restoration, serious reconstruction of industry was also carried out: fixed assets were significantly updated, new technology was introduced, the production process was structured on a new foundation, and economic ties between industrial regions and individual enterprises were organized in a new way. Radical changes occurred in the industrial management system. Starting in 1951–1952, the People's Government, while continuing work on restoring old industrial enterprises, conducted preparations and, in a number of cases, proceeded to build new large industrial enterprises, primarily heavy industry enterprises.

To the greatest extent, new industrial construction launched in Northeast China—the country's most important heavy industry region. This region accounted in 1943 for 49% of coal extraction in the country, 78% of electric power production, 87% of pig iron smelting, and 93% of steel[234]. Liberated from Kuomintang troops by the end of 1948, Northeast China was able earlier than other regions of the country to proceed with restoring industry. By March 1950, 90% of all industrial

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[233] *See "Pravda", February 8, 1953.*

[234] *Gao Gang, At the Frontline of Economic Construction of the Northeast, Mukden, 1950, p. 2 (in Chinese).*

enterprises here had been restored and put into operation. In 1951, output release in such heavy industry branches of Northeast China as machine building, electrical engineering, electric steel production, electrolytic copper, etc., exceeded the highest level achieved in 1943. By the end of 1952, the volume of industrial output in value terms exceeded this highest level by 23.2%. Currently, industry accounts for over 56% of the gross output of the region's economy. The specific weight of heavy industry in total industrial production of Northeast China is steadily increasing. The most significant production growth is observed in the machine-building industry of this region. While total industrial production of Northeast China grew in 1952 by more than 3 times compared to 1949, the machine-building industry (state-owned) increased output release at the same time by more than 6 times. Machine building in 1952 accounted for 11.1% of total gross industrial output, whereas in 1949—only 6.1%[235].

Construction of new industrial enterprises took on a wide scope in Northeast China. If in 1949 approximately 75% of the total funds intended for capital investments in industry were spent on restoring industrial enterprises and only 25% on new construction (including reconstruction), in 1951 80% was already allocated for new construction, and in 1952—90% of all capital investments in the region's industry[236]. In this regard, approximately 70–80% of the total volume of capital construction work carried out in Northeast China over the past three years accounts for the construction of heavy industry enterprises. Among newly built industrial objects are metallurgical plants, power stations, coal mines, etc. By the end of 1952, approximately 300,000 workers and engineering-

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[235] *"Dongbei Ribao", October 2, 1952.*

[236] *See "People's China" No. 16, 1952, p. 25.*

technical personnel were employed in construction work launched in Northeast China.

Industrial construction in Northeast China is a good school for workers not only of this region, but also of other regions of the country. To study the experience of industrial construction, a large number of engineers, technicians, administrative workers, and best workers are dispatched to Northeast China from other regions of China.

Industrial construction expanded on a significant scale in Northwest China—in the past, the most industrially backward region of the country. The total amount of capital investments in the industry of this region made since 1950 exceeded by 11 times the value of enterprises existing prior to that. Main attention is paid to the development of the oil and electric power industries. In Xinjiang province, a metallurgical plant, a machine-building plant, a cement plant, a power station, and a coal mine equipped with modern technology were commissioned.

In Central-South China, capital investments in iron and steel metallurgy in 1952 grew threefold compared to the previous year, and in the machine-building industry 11-fold[237].

In all regions of China in 1952, extensive preparatory work unfolded for the transition in 1953 to large-scale industrial construction. Specialized construction organizations are being created, which are equipped with advanced construction equipment: excavators, bulldozers, cranes, concrete mixers, etc. In North China alone, 39 new construction companies were created; 63 specialized construction companies were created in Northeast China. The best, most experienced managerial cadres, workers, and technicians are sent to work in construction organizations. In major administrative regions and provinces, capital construction administrations have been

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[237] *"Daily News Release", Peking, December 6, 1952.*

created to oversee construction work, cadre selection and distribution, and the supply of construction materials to job sites. In order to strengthen planned leadership over capital construction in the country, the Ministry of Building Works was created in China in August 1952. Great attention in the People's Republic of China is also paid to expanding and strengthening various design organizations.

In the current year of 1953, construction work is unfolding in the People's Republic of China on a large scale. Minister of Finance of the PRC Bo Yibo, in his report on the budget for 1953, reported that this year in the metallurgical and chemical industries, radical reconstruction and expansion of 13 existing enterprises will be carried out, and 8 new large plants will be built; 9 plants will be constructed anew and 15 will undergo reconstruction and expansion in the machine-building industry. In the coal industry in Northeast China alone, construction of 14 mines will continue[238].

In connection with the transition from industrial restoration to large-scale industrial construction, industry workers of the People's Republic of China faced a number of new, complex tasks. As indicated in the Chinese press, one of the main tasks associated with the transition to large-scale economic construction is the daily and decisive improvement of the system of planned industrial management. In the management of state industry, mismanagement, wastefulness, improper use of labor, materials, raw materials, etc., have not yet been fully eliminated. Serious work also lies ahead in further strengthening cost accounting, technical rationing, intensifying the economy regime, combating unproductive expenses, and further strengthening the financial discipline of enterprises.

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[238] *"Renmin Ribao", February 18, 1953.*

This applies especially to construction organizations carrying out capital industrial construction.

The workers and engineering-technical personnel of Chinese industry face the task of mastering new technology with which under-construction enterprises are being equipped, as well as improving the utilization of existing industrial capacities. As emphasized in the Chinese press, constant improvement of technical knowledge of workers, foremen, and engineers, and the study and creative application in production of the advanced experience of Soviet industry are the main ways to resolve these tasks.

The People's Government of China, having proceeded to restore industrial enterprises, took decisive measures to eliminate the acute shortage of qualified technical cadres. In state industry, a broad network of industrial-technical training was created, which currently covers hundreds of thousands of workers. In Northeast China alone, more than 65,000 workers are studying in technical schools. The most active, politically literate workers with production experience have been promoted to leadership work in industry. Along with this, great attention was paid to retraining engineering-technical workers and employees who worked back during the Kuomintang regime.

The transition to new industrial construction demanded further strengthening of work on training technical cadres. In all regions of the country, numerous technical schools, courses, and circles are being created, where workers raise their level of technical knowledge and master new specialties. For example, the Industrial Administration of Southwest China organized 17 technical schools at the end of 1952, training specialists for metallurgical, construction, coal, and other industrial branches. More than 10,000 people were admitted into these schools.

The People's Government pays great attention to training technical specialists through the system of higher and

secondary technical education. A plan has been developed providing for the training over the next 5–6 years of about 150,000 highly qualified technical specialists and approximately 500,000 technical workers of medium and lower ranks. In implementation of this plan, a number of new technical educational institutions have been created in China, and existing ones are being expanded. Thus, in December 1952, a new Institute of Ferrous Metallurgy was opened in Peking. By 1955, the number of students in it will reach 5,000. In the Metallurgical Institute in Changsha, 1,600 students are studying; in the Technological Institute in Qingdao—over 1,000; in the Peking Geological Institute in 1952, 3 times more students were studying than the number of specialists in this profession trained in all of China over the past 10 years. At the end of 1952, 44 polytechnic and special higher technical educational institutions were operating in China with a total enrollment of over 68,000 students. The programs of these technical educational institutions are constructed on the basis of the experience of corresponding educational institutions of the Soviet Union; instruction in them is conducted on the principle of maximum proximity of theory to practice and to production.

In connection with the launching of large-scale economic construction in China, the task of geological study of the country acquires special significance. China possesses rich natural resources, which, however, are poorly studied. Many regions of the country, especially in Northwest and Southwest China, have not been subjected to geological study by modern methods at all. Chinese geologists face the task of comprehensive and thorough investigation of the country's natural riches, which is extremely necessary for determining the possibilities of developing individual industrial branches and locating them across the country's territory.

Geological exploration work took on a broad scope in 1951–1952. To direct these works, the Ministry of Geology was created in August 1952. Dozens of prospecting parties staffed with the best specialist-geologists and equipped with the newest instruments, tools, etc., were organized in the country. These parties conducted searches for new deposits and thoroughly studied discovered deposits of iron ore, coal, oil, and non-ferrous metals. Thanks to this, essential corrections were introduced into previous, heavily understated estimates of coal, iron ore, and many other metal reserves. It was proven, for example, that actual coal reserves available to Northeast China exceed earlier assumptions by 10 times. According to the statement of the Minister of Geology, rich reserves of oil were also discovered in China[239].

For the coming years, a further expansion of geological exploration work is planned. At the All-China Conference on Geological Exploration Planning held at the end of 1952 in Peking, it was planned to increase the volume of these works in 1953 by 10–20 times compared to 1952[240]. Data from the latest geological studies irrefutably testify that China possesses rich mineral resources, which now, under the conditions of the people's democratic system, for the first time in the country's history are called upon to serve the cause of strengthening its economic power and raising the well-being of the people.

The transition to large-scale economic construction in the People's Republic of China takes place under conditions where the imperialist camp with all its forces attempts to prevent the young republic from further strengthening and developing its peaceful economy. The free Chinese people are full of determination to thwart these imperialist schemes. The guarantee of the successful realization of the plans for large-

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[239] *"Daily News Release", Peking, December 2, 1952.*

[240] *"Renmin Ribao", December 19, 1952.*

scale economic construction outlined by the Communist Party and the People's Government of China lies in the awakening of the creative forces of the multi-million Chinese people, the labor enthusiasm of the working class and all working people, and the fraternal assistance of the Soviet Union. Relying on the rich experience of the Soviet Union and its selfless assistance, the Chinese people under the leadership of their Communist Party and its leader, Comrade Mao Zedong, move confidently along the path of building a strong and prosperous democratic state.

Questions of Economics, No.5, 1953.

A. ZVORYKIN

THE IMPACT OF THE BASIC ECONOMIC LAW OF MODERN CAPITALISM ON THE DEVELOPMENT OF TECHNOLOGY IN CAPITALIST COUNTRIES

In all socio-economic formations, the development of technology is directly connected to the mode of production. As an element of the productive forces, technology is simultaneously dependent on the relations of production and on the economic conditions within which its development takes place.

Marx pointed out that in the process of acting upon nature, man utilizes the mechanical, physical, and chemical properties of things in order to force them, in accordance with his purpose, to act as forces upon other things. This thought of Marx was developed by V. I. Lenin: "The laws of the external world, of nature, the division into mechanical and chemical (this is very important), constitute the basis of man's purposeful activity. In his practical activity, man has before him the objective world, depends on it, and by it determines his activity... MECHANICAL AND CHEMICAL TECHNOLOGY serves human purposes precisely because its character (essence) consists in being determined by external conditions (the laws of nature)"[241].

[241] V. I. Lenin, *Philosophical Notebooks*, Gospolitizdat, 1947, pp. 161, 162.

Thus, the possibilities of technology depend on the degree of man's cognition of the objective laws of nature. "People can discover these laws, come to know them, study them, take them into account in their actions, utilize them in the interests of society, but they cannot change or abolish them,"[242] teaches J. V. Stalin. Modern technology is the embodiment of knowledge accumulated by humanity in the struggle to conquer the forces of nature and dominate them. The level of technology reflects, above all, the degree of man's cognition of the laws of nature and mastery over them. The character of technical development, its direction, and its pace are determined by the economic laws of development of society, by the economic laws of each social formation.

Technology in the period of the general crisis of world capitalism is used as an instrument of political domination and expansion of capitalist countries. Technology, which is called upon to serve as a means of accumulation and creation of material values, has been turned into an octopus that sucks all the juices out of the working people for the purpose of enriching a handful of capital magnates.

The development of technology under conditions of monopoly capitalism has a contradictory character. "Everyone is familiar with facts from the history and practice of capitalism," writes J. V. Stalin, "demonstrating the stormy development of technology under capitalism, when the capitalists act as the standard-bearers of advanced technology, as revolutionaries in the field of the

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[242] J. Stalin, *Economic Problems of Socialism in the USSR*, Gospolitizdat, 1952, p. 4.

development of production technology. But facts of a different kind are also known, demonstrating the suspension of the development of technology under capitalism, when capitalists act as reactionaries in the field of the development of new technology and frequently revert to manual labor.

How is this glaring contradiction to be explained? It can be explained only by the basic economic law of modern capitalism, that is, by the necessity of securing maximum profits. Capitalism stands for new technology when it promises the greatest profits. Capitalism stands against new technology and for a transition to manual labor when the new technology no longer promises the greatest profits"[243].

The basic economic law of modern capitalism determines all the main aspects and all the main processes of the development of capitalist production in the epoch of imperialism, including the uneven, spasmodic, contradictory path of development of technology. It is impossible to understand and correctly explain the sporadic and one-sided character of the growth of technology in capitalist countries during the period of imperialism and the general crisis of the world capitalist system without proceeding directly from the basic economic law of modern capitalism.

The basic economic law of capitalism regulates and exerts a direct influence on the direction of the growth of technology, for technology arises, grows, and develops only under the influence of the economic needs of society. While technology in itself is

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[243] J. Stalin, *Economic Problems of Socialism in the USSR*, pp. 39–40.

indifferent to the economic system and can serve and indeed does serve various classes of society, classes are by no means indifferent to technology. On the contrary, the ruling classes use technology as their instrument. Under imperialism, technology is used by monopolies only insofar as it can serve as a means of ensuring maximum profits. As soon as technology comes into contradiction with this main purpose of modern capitalist production, a bridle is thrown over it.

Capitalism acted as a revolutionary and standard-bearer of advanced technology, against all restrictions on its growth, as long as it marched along the path of progressive development of productive forces, breaking the chains of feudalism that fettered society. Capitalism brought with it the industrial revolution. Machine technology made a triumphant march from one branch of industry to another, spreading throughout the world, everywhere that capitalism penetrated. At the dawn of capitalism, "steam and machinery revolutionized industry," and the bourgeoisie could not exist "without constantly revolutionizing the instruments of production..."[244], as Marx and Engels noted in the *Manifesto of the Communist Party*. "The bourgeoisie, during its rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together. Subjection of nature's forces to man, machinery, application of chemistry to agriculture and industry, steam-navigation, railways,

[244] K. Marx and F. Engels, *Manifesto of the Communist Party*, Gospolitizdat, 1951, pp. 33, 35.

electric telegraphs, clearing of whole continents for cultivation, canalization of rivers, whole populations conjured out of the ground —what earlier century had even a presentiment that such productive forces slumbered in the lap of social labour?"[245].

But even then, more than a century ago, Marx and Engels, having exposed the incurable sores and internal contradictions of the capitalist system and having irrefutably proven its inevitable doom, emphasized that the productive forces at the disposal of the bourgeoisie had outgrown the narrow framework of capitalist relations of production, which had begun to retard the development of productive forces. "The bourgeois relations are too narrow to comprise the wealth created by them" 6. Even in the period of pre-monopoly capitalism, the irreconcilable contradictions between the character of the productive forces and the capitalist relations of production made themselves felt in periodic economic crises.

In the period of imperialism, all the contradictions of capitalism became sharply exacerbated and exposed... Marxism-Leninism teaches that imperialism carries the contradictions of capitalism to the final limit, to the extreme bounds. Technology in the epoch of imperialism and especially in the period of the general crisis of capitalism, in the period of the harshest economic upheavals, proletarian revolutions, and world wars, of the gigantic growth of monopolies and their unprecedented enrichment amidst the simultaneous, ever-deepening impoverishment of the working

[245] Ibid., pp. 37–38.

masses of town and country, bears an indelible imprint of the contradictions tearing modern capitalist society apart. This is technology that develops one-sidedly, only in accordance with the selfish interests of the monopolies and the needs of the war economy.

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[246] K. Marx and F. Engels, *Manifesto of the Communist Party*, p. 39.

In capitalist countries, periodic interruptions in the development of technology occur with increasing frequency, accompanied by the ever-greater destruction of the productive forces of society. Economic crises, which cause enormous destruction of productive forces and a catastrophic drop in production, inevitably lead to the underutilization of technology. With the onset of a crisis of overproduction, factories are closed, blast furnaces are extinguished, and power stations are stopped. Enormous funds—the fruits of human labor—are mortified, frozen, and depreciated. But even in the periods following crises, when flows of capital to a certain extent take place from some less profitable branches of production to other, more profitable ones, when the pursuit of profit compels the capitalist to undertake a certain renewal of fixed capital, even then capitalist monopolies place all sorts of obstacles in the way of technical progress. In this is found one of the manifestations of the process of decay of monopoly capitalism.

Capitalist monopolies have subordinated the bourgeois state apparatus to their economic and political goals; they dictate their will to the state in the field of technology, in the field of science and patent legislation. The industry of capitalist countries is monopolized by a handful of the largest companies.

The domination of monopolies and the establishment, if only for a time, of monopoly prices create the economic possibility of artificially delaying technical development where it is profitable for the monopolists, destroy the incentives to technical progress, and cause technological stagnation.

It is known that phosphoric acid is necessary for the production of fertilizers. One of the technically most advanced methods of its production is blast-furnace or electro-sublimation, which makes it possible to obtain phosphoric acid from diverse raw materials of any concentration and by a much simpler method than the so-called wet, acid method. However, in the 1930s, American monopolists delayed the introduction of new methods for obtaining phosphoric acid because large capitals had already been invested in its production using the old technology, and the new technology did not promise the rapid receipt of maximum profit. In 1934, the capacity of American superphosphate plants was equal to approximately 7 million tons, while the production of superphosphate amounted to only 2.6 million tons, since ruined small farmers, despite an acute need for mineral fertilizers, were unable to acquire them. Under such circumstances, the monopolists of the US fertilizer industry held back the development of technology and did not introduce the new fertilizer production technology.

The American concern DuPont classified and for a long time delayed the application of methods for intensifying ammonia synthesis apparatus, which would have made it possible to accelerate the technological process twofold or more. In 1933, the capacity of the American fixed nitrogen industry was 507 thousand tons, while its production amounted to 210 thousand tons. Under these conditions, American chemical monopolies retarded technical progress leading to further growth in production. In the USA, as a result of the resistance of trusts, patents for new methods of obtaining aluminum

from clay were also mothballed for a long time, since overproduction of aluminum existed in the capitalist countries.

Capitalist monopolies act as fierce reactionaries in technology. This is also promoted by the fierce struggle between individual monopolistic associations. Thus, for example, the US automotive monopolies in the course of the competitive struggle with the chemical monopolies delayed the application of a number of new plastics and leather substitutes. The General Motors company altogether refused for a certain time to use aluminum in the production of a number of automobile parts so as not to be dependent on the aluminum concerns dictating high prices for aluminum.

The artificial retardation of technical progress has a pernicious effect on the energy and water economy of the USA as well. Despite the presence of huge natural hydro-resources in the USA, the construction of large hydroelectric power stations is not being carried out in the country. Hydro-construction projects on the St. Lawrence, Missouri, and Mississippi rivers have been disrupted by the monopolies. A group of monopolists headed by Morgan, after failing to seize the use of the hydro-resources of the St. Lawrence River, has for decades opposed any attempts to begin hydro-construction on this river. It is known that the Missouri River, with its overflows during flood periods, brings enormous calamities to the population. But Morgan, together with other monopolists, also disrupts hydro-construction on this river.

According to American data, obsolete and low-economy equipment is preserved at US power plants. In 1949, the age of almost half of all turbogenerators (by capacity) in the country exceeded 20 years, approximately a quarter of the turbogenerators were over 25 years old, and 10.5% were over 35 years old. The economic performance indicators of this equipment are low. However, the construction of new hydroelectric power stations is unprofitable for the monopolies, because as a result of this construction, the high price of electricity generated by old stations would decrease. The owners of power stations perceive the construction of hydro-stations as a threat to their profits. In order to maintain profits at a high level, they would have to undertake the renewal of the fixed capital of old power plants in the event of the construction of hydro-stations. But this is precisely what the financial magnates strive to avoid. They succeed in this because in their hands are not only capitals, but also an obedient state apparatus that retards the development of the water and energy economy of the USA in their interests.

In the field of technology and production organization, the engineering industry, in particular the automotive industry, of capitalist countries develops in an extremely contradictory manner. Technology and production methods are improved only in a relatively small part of enterprises. At the same time, there is a huge number of backward, unmechanized shops and plants that withstand competition only as a result of the incredible exploitation of workers and the sharp intensification of their labor. In the USA, cheap labor of Negroes or immigrants is used in most cases for heavy physical

labor. Where monopolists can ensure high profit for themselves as a result of using cheap labor, there the mechanization of production processes does not take place. Bourgeois economists themselves are forced to admit that "the first and decisive consideration in choosing a production method is not what production effect it will give, but how it will pay off"[247]. It is not accidental that the Ford company, like a number of other American monopolies, built many plants in agricultural regions of the USA in order to have the opportunity to widely use manual labor and unskilled cheap labor, including women and children.

On a more or less wide scale, the mechanization of production was carried out in the USA during the Second World War at those plants that directly produced military output. Capital investments necessary for equipping military enterprises with appropriate equipment were made mainly from state budget funds, i.e., at the expense of the broad masses of working taxpayers. Having finished construction, the state either transferred the state-of-the-art equipped plants to the operation of the largest monopolies or sold them these plants at ridiculously low prices. The monopolies thus profited doubly: receiving valuable equipment almost for nothing and selling military products to the state at fabulously high prices. As for products not having direct military significance, their production was in a state of stagnation and decline. The marketing of civilian products was not ensured and ran into the narrow boundaries of the population's purchasing power, which the ruling capitalist apex reduces to an

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247 Harry Jerome, *Mechanization in Industry*, New York, 1934, p. 331.

extreme minimum. Accordingly, the mechanization and automation of the production of these products could not present alluring prospects from the standpoint of the capitalists.

Capitalist industry is characterized by uneven development and sharp fluctuations in the volume of output produced. Thus, if we take the output of the US machine-tool industry in 1929 as 100, then in 1933 it was equal to 20%, in 1942—750%, and in 1945—110%. With such a feverish curve of output, the rational loading of the production apparatus of machine-tool manufacturing, the mass introduction of advanced technology, and the mechanization of production are impossible.

The instability of production leads to discontinuity in the development of metallurgical technology in capitalist countries. The majority of blast furnaces in these countries work only for war and under a military conjuncture artificially caused by capitalist monopolies. In years of crises, a significant part of this technology lies idle. Thus, in the USA during the crisis of 1929–1933, out of 279 blast furnaces fit for operation, actually only 52 worked; in Germany, out of 154 blast furnaces, only 40; in England, out of 337 blast furnaces, 65 operated; and in France, out of 211 blast furnaces, 81 functioned.

Monopolies also retard the development of mining technology and impart a one-sided, limited character to the use of the natural wealth of the countries of the capitalist world. For example, the American aluminum company Alcoa, in order to ensure the profitable use of

bauxites extracted by it in Dutch Guiana, achieved a delay during the Second World War in the production of aluminum in the USA from local clays.

If in the epoch of pre-monopoly capitalism the mining industry developed to a significant extent at the expense of the discovery of new deposits of natural minerals, in the epoch of monopoly capitalism a reduction in new prospecting takes place. This, however, does not extend to only one branch of mining technology—the extraction of atomic raw materials.

As for the old branches of the mining industry of capitalist countries (coal, iron ore, etc.), they are typified by the coexistence of advanced technical methods applied at a small number of large mechanized mining enterprises, with archaic, manual, or semi-manual methods of extraction, beneficiation, and transportation of minerals, which predominate in the majority of mines and pits.

The coal industry of capitalist countries has been experiencing a deep crisis for almost three decades, which exerts a powerful influence on the development of coal mining technology. In the period between the First and Second World Wars, the coal industry of capitalist countries worked under conditions of chronic underload of enterprises, because of which a huge army of unemployed miners was formed; the wages of working miners were very low and systematically fell. Under such circumstances, mine owners could do without the application of new technology. Periodic interruptions in the development of technology, characteristic of capitalism in

general, are particularly significant in the coal industry. For the English coal industry, equipped with extremely obsolete equipment, technical conservatism is most characteristic. The most backward is haulage in English mines: it is essentially the same as it was 50 years ago. Rope and horse haulage still predominate. At the end of 1948, 20.9 thousand horses were underground in English mines.

Capitalist monopolies in all branches of production hinder the introduction of new technical inventions. Numerous technical improvements are known that were recorded in patent literature even before the war, the realization of which, however, was delayed by the monopolies. These include high-performance continuous rolling mills, new automatic welding machines, automatic machines for producing glass containers, new types of synthetic fiber, plastics, new synthetic detergents, asbestos-cement pipes designed to replace steel pipes for oil transportation, methods of processing wood into food raw materials (alcohol, fodder sugar, etc.), methods of converting gasoline into a solid state to facilitate its transportation, etc.

Monopolies in their competitive struggle not only discredit new technical ideas, but, if it is profitable for them, spare no expense in inventing methods for the backward movement of technology. Thus, in the USA, research was conducted on shortening the service life of electric lamps to a fixed minimum, and the release of new economical light sources (for example, fluorescent lamps) was prohibited. All these are only some widely known facts. Thousands of valuable inventions remain entirely secret through careful

classification of patents. Research thought is fettered, patents for new technical improvements are bought up "wholesale" and hidden in the vaults of monopoly safes. Patents become a barrier against competing firms and countries, a brake on the use of technical discoveries in production.

In crisis years, technical techniques for the artificial reduction of blast furnace productivity become widespread in capitalist countries. Thus, at one time an American technical journal acknowledged that "the low demand for pig iron in the USA caused the necessity of conducting the blast furnace process at a slow pace, sometimes even not so much for smelting pig iron as for the purpose of obtaining gas for power stations, open-hearth furnaces, and heating furnaces of the rolling mill." This gave rise to the practice of slow blowing, i.e., such blowing at which the productivity of blast furnaces is significantly below the norm. As an "achievement" of American technology, it was reported that under such a regime the productivity of a blast furnace can be halved. In the USA, a series of large-scale scientific studies were conducted designed to ensure the reduction of blast furnace productivity, to create small units and independently operating shops specially adapted to the conditions of crisis.

Science and technology in capitalist countries, having become the handmaidens of monopolies, are used primarily for military purposes and against the penetration of those discoveries and improvements that could shake the competitiveness of companies. The director of the American DuPont concern wrote frankly regarding the application of chloroisopropyl benzenes discovered in the concern's

laboratories as dielectrics: "The patent application is registered as an insurance one to ensure possible protection of this discovery, but without calculation on the industrial application of the discovery made." From official data of the Temporary National Economic Committee of the US Senate, it is known that the General Motors automotive firm used only 1% of the patents it owned.

Monopolies create a number of carefully developed methods for delaying the introduction of new scientific discoveries into production. These are the creation of patent monopolies with a fund of special paper unrealizable patents, so-called "umbrella patents," which fetter the development of inventive thought in an entire field; the wage slavery of scientists and inventors, when all their discoveries and inventions—not only those already made, but also those possible in the future—are bought up in advance for a certain price, etc.

A graphic manifestation of the operation of the basic economic law of modern capitalism is the militarization of capitalist science and technology. The operations of this law determine the hypertrophied growth of technology in the field of military production while narrowing its development in branches of civilian industry. For capitalist monopolies, there is now no more profitable source of obtaining maximum profits than military orders. The branches of military production have become the most profitable, and that is why technology is developing primarily here.

The greatest scale of militarization of science and technology has been reached in the United States of America. Even official circles do not hide the fact that two-thirds of all scientists and engineers in the country work on assignments of the Department of Defense and the Atomic Energy Commission. According to data cited by E. Walker, secretary of the Research and Development Board under the Department of Defense, military expenditures on research and development increased in the USA from $20 million in 1940 to almost $600 million in 1945, and after the start of the war in Korea they already exceeded $1 billion.

Not only special institutes work on military topics in the USA, but also the largest universities. The naval department's program for 1950 alone envisaged the execution of over 1,000 research works in 255 higher educational institutions, among which are Harvard, Yale, Columbia, Pennsylvania, and California universities. In 1950, an Office of Research and Development controlled by the military department was created, which drew natural and technical science faculties into developing issues related to the production of armaments and ammunition. The newspaper *The New York Times* in its issue of December 3, 1950, stated: "Industrialists' agents are scouting all the universities of the country and creating special offices in large cities for hiring scientists. General educational institutes, luring physicists and chemists away from each other, use the same tricks to which they resort for recruiting football players. Government institutions—military and civilian—hunt for major scientists for use in government laboratories."

Capitalist industry at present is increasingly specializing not in the production of material goods, but in the improvement of instruments for the extermination of people and the destruction of the productive forces of society. The science and technology of the capitalist world are dressed in military uniform, and their financing is carried out predominantly from military funds. "If one can speak of technical progress now," notes the well-known English physicist John Bernal, "it is only in the production of instruments of extermination. Peaceful scientific initiatives are shelved, and any scientific activity other than that serving military purposes is suppressed."

The militarization of capitalist science is most clearly visible in the example of the latest achievements of physics and chemistry in the field of studying the atomic nucleus, in the field of applying jet engines and radar, which are used in capitalist countries exclusively for military purposes.

Atomic technology is extolled by bourgeois economists, historians, and technicians as a certain apex of capitalist technology, as an indicator of the possibilities lurking in capitalist society. Meanwhile, precisely in the field of atomic technology, nuclear technology, and the development of nuclear physics and chemistry, more than in any other field of technology, the incurable sores of capitalist society, torn by internal antagonistic contradictions, manifest themselves in their most naked form.

The history of human society knows no other case where a huge field of science and technology from the very beginning of its birth was

completely turned into a potential arsenal for the mass destruction of people. When the application of iron began in the Bronze Age, it was not only a revolution in military affairs, but also the precursor of a revolutionary upheaval in technology in general. The iron plow, the iron axe, the hammer, and the sickle meant no less for the world than the iron sword for war. The invention of gunpowder meant not only a revolution in military affairs. Powder successfully pierced tunnels and canals, and changed the course of mining and construction work. Fixed nitrogen is the basis of explosives. But the nitrogen synthesis is not only destruction, but also creation, for fixed nitrogen is fertility, it is a raw material for new dyes, medicines, and new synthetic fibers. Even such a branch of chemical technology as the chemistry and technology of toxic substances has always had a dual orientation, inevitable for a class society. The strongest toxic substances, such as carbon monoxide, chlorine, phosgene, hydrocyanic acid, etc., are used to obtain a variety of products for peaceful purposes, ranging from liquid fuel, solvents, alcohols, and insecto-fungicides to plastics and medicinal substances.

A class society at previous stages of its development was always accompanied by both these sides of technology—peaceful and military. Depending on external and internal political and economic factors, either the military or the peaceful side of the use of the forces and possibilities of technology predominated. But at the final stage of the development of capitalism, at the stage of its general crisis, a new phenomenon is observed in the history of technology.

The great scientific and technical discovery—the discovery of atomic energy—contrary to its enormous potential significance for the flourishing of the productive forces of society, receives an exclusively military orientation. Moreover, to improve destructive atomic technology and simultaneously prevent the peaceful application of atomic energy, all the forces of the bourgeois state apparatus are mobilized.

Capitalist monopolies expend billions of dollars to improve atomic weapons, drawing the largest scientific forces, universities, and laboratories into this cause. Harvard University Professor Cavers, together with other American professors, even proposed a bill on banning the use of atomic energy for peaceful purposes. Monopolists direct all their efforts to "protecting" the production apparatus of civilian industry from the penetration of atomic technology into it with its radical revolutionary shifts in the field of energy, chemistry, and technology in general.

It should be emphasized that all that is revolutionary, new, and progressive brought by the mastery of atomic technology in its entirety by no means presupposes or signifies the disappearance and dying away of, for example, heat engineering, electrical engineering, or chemical methods of obtaining energy and substances. On the contrary, the peaceful application of atomic energy cannot fail to be a factor in the further progress and improvement of these fields of technology, for atomic energy complements them, gigantically expanding the mighty arsenal of means of human action upon nature. Atomic technology, freed from the ugly distortions imparted to it by

the capitalist system, will appear as a revolutionizing stimulus for the development and new flourishing of all fields of energy and technology in general.

Capitalism finds only one application for nuclear processes—the manufacture of the atomic bomb. Meanwhile, atomic technology is a mighty means for solving peaceful technical problems and, first and foremost, the problems of energy and the creation of energy of a new quality. Naturally, the introduction of atomic technology, like the application of steam and electricity technology in its time, will entail radical changes not only in energy, but also in machine building, metallurgy, and all other branches of technology.

All these radical changes in the foundations of technology that atomic technology brings with it are feared by the monopolists, who see in this technical revolution only the danger of the depreciation of their capital investments. The capitalist world, having unleashed the mighty forces of technical progress, knows no other means of coping with this flow of new technical possibilities than purely military means. Inventing ever-new types of destructive weapons, imperialism strives to prolong its existence through periodic mass exterminations of people and material values.

In capitalist countries, where production is subordinated to the extraction of profits, and man with his needs disappears from the field of view, the monopolists of the chemical industry are not interested in radical improvements, for example, in the production of inorganic substances, the more so because these branches of

technology, in contrast to branches of organic technology, are old branches into which significant capitals have already been invested and the modernization of which cannot promise a rapid increase in profits. The chemical industry presents a characteristic example of how, under conditions of capitalism, even within one and the same branch of production, technical development occurs extremely unevenly: technical progress is carried out in the sphere directly subordinated to the military goals of the monopolies, and the growth of technology is intentionally retarded in the sphere associated with ensuring the civilian needs of the population.

Under conditions of capitalism, branches of chemistry associated with various biochemical processes in technology and with the mass production of such analogs of natural compounds as vitamins, carbohydrates, fats, protein compounds, and the synthesis of antibiotics are developed extremely weakly. New branches of chemical technology ensuring the protection of human life and health are carefully classified, prices for medical preparations are artificially held at a very high level, and the application of modern preparations becomes the privilege of the propertied classes. At the same time, means of waging chemical and bacteriological warfare are produced on a mass scale. Wars and preparations for them stimulate the technical development of the chemical industry in the countries of imperialism. As early as 1942, the head of the research department of the DuPont concern stated at a congress of American chemists that within several months of war, so many discoveries

were introduced in the USA that it would have taken more than half a century to introduce them in peacetime.

It is highly characteristic that the largest monopolies of merchants of death are created in capitalist countries not only in years of war, but also in relatively peaceful time. The main products of these military-industrial trusts are instruments for the mass extermination of people.

In the USA at present, there are over 300 companies, 70% of whose output consists of items of armaments and army equipment. Not only special military plants are used for the production of armaments and ammunition, but also enterprises intended for the output of means of production. As evident from the report of the US Office of War Mobilization, in the third quarter of 1951, 36% of the production capacities of American machine building, 47% of the capacities of the electrical engineering industry, and 33% of the capacities of transport machine building were occupied with the fulfillment of military orders. Companies for the production of railway equipment fulfill government orders for heavy tanks, artillery pieces, and diesels for tanks and warships. At the end of 1951, more than 30% of the capacities of the US machine-tool industry were used for the production of machine tools and instruments intended for the manufacture of shells, airplanes, tanks, and other military equipment. The technology of modern capitalism is the technology of war.

The basic economic law of modern capitalism makes it possible to uncover the springs of the use of technology by monopolies as an instrument of exploitation, ruin, and impoverishment of the majority

of the population of a given country, an instrument of enslavement and systematic plunder of the peoples of other countries, especially backward countries, in the interests of ensuring maximum capitalist profit.

The one-sided, military development of technology leads to technical stagnation first of all in those branches of industry of capitalist countries where mass-consumption goods are produced—in the textile, food, and other branches, as well as in agriculture, where the introduction of new technology is connected with the decisive renewal of fixed capital, requires large investments, and does not promise a rapid increase in profits. However, the capitalists suffer no damage from the stagnation of technology in these branches, for they compensate themselves with interest by jacking up prices on prime necessities, intensifying the exploitation of consumers, and lowering the wages of workers and employees.

Monopolists can increase their profits not only at the expense of reducing production costs through the improvement of technology, not only at the expense of relative surplus value, but also at the expense of absolute surplus value pumped directly through the exhaustion of the worker's organism. Technology increasingly serves the purposes of increasing the exploitation of labor power. At one time, V. I. Lenin exposed Taylorism as a "scientific system" of sweat-pumping. The methods of Taylorism have now been brought to extreme limits.

It is known that in the US automotive industry, where the most modern methods of mass production originated, sophisticated methods of labor exploitation, labor intensification, the conveyor-belt sweat system, and the notorious Ford methods of physically and mentally draining the vital forces of workers and turning them into living automata attached to machines have also received the widest dissemination. The use of advanced technological techniques and the application of complex automated machine tools coexist in automobile plants with the most backward methods of manual labor, the system of "divided operations," and the conscious deskilling of the worker. A new automatic "chronolog" machine has been introduced at the Ford plant, which is characterized in the bulletin of the Ford workers' union as "one of the cruelest inventions." This automaton is used to measure every second of working time. In automobile plants, the conveyor has such a speed that the workers working on it often faint. The National Conference on Industrial Hygiene, held in 1949 in Detroit, acknowledged that "people in industry die most of all from heart diseases resulting from the ever-increasing pace of work on assembly installations."

The intensification of workers' labor in capitalist countries is also evidenced by many other facts. Thus, in Department 38 of the Renault plants in Paris, the administration decided, without introducing any production improvements, to increase the number of operations from 2 thousand to 3 thousand per hour.

Despite the presence of huge armies of unemployed, monopolies in the metallurgical and engineering industries of Western European

countries, alongside the intensification of labor, increase the working week to 55–60 hours. In Western Germany, Spain, and Luxembourg, workers are frequently forced to work without days off.

The use of modern technology as an instrument for intensifying the impoverishment of the masses finds one of its expressions in chronic mass unemployment. Millions of people in capitalist countries are deprived of the opportunity to work, deprived of any means of subsistence. Armies of unemployed are increasing even despite the growth of military production. In the USA, Japan, England, Italy, Belgium, and Western Germany alone at the end of 1952, the number of fully and partially unemployed reached 32 million people. Under conditions of chronic underload of the fixed capital of industry, not only is everything that technology can give not squeezed out of it, but, on the contrary, many productive forces molder without the application of human labor.

At the present stage, alongside the growth of the rate of exploitation, the application of various methods of covert exploitation of the proletariat is also intensifying, one of which is shifting the burdens of the technical reconstruction of backward branches of industry onto the shoulders of the working people. Thus, for example, English monopolists found it unprofitable for themselves to replace the extremely backward and obsolete equipment of the coal industry and carry out its technical reconstruction, which is necessary to strengthen England's competitiveness on foreign markets. The coal kings of Britain found a way out of this situation in the capitalist nationalization of the coal industry carried out during the period

when the Labour Party was in power. Private property under such "nationalization" was not affected; the capitalist mine owners received full compensation for physically and morally obsolete equipment, and technical reconstruction is carried out from state budget funds, i.e., at the expense of intensifying the tax plunder of the popular masses.

In their turn, American monopolies strive to carry out the modernization of their production apparatus at the expense of the countries enslaved by them. They retard technical progress in countries that have fallen into a dependent position on the USA and market obsolete, worn-out equipment in these countries. This facilitates the displacement of American monopolies' competitors from the world capitalist market. The share of Western European countries in the total production of machine-tool equipment in the entire capitalist world dropped from 70% in 1938 to 41.5% in 1947. American monopolies artificially retard the development of machine-tool manufacturing in other capitalist countries, thereby intensifying their technical and economic dependence on the USA.

The onerous "Marshall Plan" sharply retarded the development of technology in the capitalist countries of Europe. As one of many examples, it can be pointed out that in accordance with the terms of this "plan," the Italian government provided long-term credits to those firms that acquired equipment in the USA. "This anti-national policy," wrote Giuseppe di Vittorio, general secretary of the World Federation of Trade Unions / General Italian Confederation of Labor, "led to Italian industrialists beginning to buy machines in America

for hundreds of millions of dollars, while Italian plants that can perfectly well produce the same machines receive no orders, lay off workers, and close down."

With particular force, the monopolies of the metropolises retard technical development in colonies and semi-colonies, in economically backward countries of Asia, Latin America, and Africa. A total of only 31 thousand tractors work in the agriculture of the colonies and dependent countries of Asia, i.e., only 0.5% of the tractor fleet of all capitalist countries. An insignificant amount of mineral fertilizers is applied in these countries of Asia—only 8% of the quantity used in capitalist countries. Meanwhile, these countries of Asia account for over 1/3 of the cultivated area in the capitalist world. Not long ago, a delegation consisting of representatives of English monopolies, visiting Pakistan, frankly stated that it is allegedly inexpedient to create heavy industry in this country, since it supposedly would be unprofitable. The delegation recommended building not heavy industry plants, but small enterprises for assembling products of... English industry! The monopolies of imperialist countries, retarding the development of technology in dependent and colonial countries for their own selfish interests, subject them to systematic plunder and ensure themselves the receipt of maximum profits at the expense of their peoples.

The deep crisis and decay of capitalism are now reflected in all spheres of life in capitalist countries, including in the development of technology. In these countries, an endless stream of books is published and articles written designed to divert the working people's

attention from the real causes of their sufferings and hardships. In feverish attempts to gloss over the insoluble contradictions of modern capitalist society, bourgeois apologists increasingly assign a place in false searches for the "culprits" of the decomposition of capitalism to questions of technology. The imperialist "philosophy of technology" would like to shift responsibility for the poverty, hunger, and unemployment of millions of people onto technology, onto the abundance of machines allegedly depriving man of the means of subsistence.

How distant modern apologists of capitalism writing about technology are from their predecessors who spoke at the dawn of the development of capitalist society! Introducing machines and revolutionizing technology, capitalists and their ideologists did not spare colors at that time to describe the beneficial consequences of technical progress. New times, new songs! Technical progress, which developed stormily along with the progressive movement of capitalism at its pre-monopoly stage, underwent profound changes in the period of imperialism and was replaced by technological stagnation. Now the literary lackets of capital burn incense only to the technology of war. At the same time, their speeches on questions of technology are imbued with the desire to "explain" the deepest contradictions of capitalism by supposedly excessive development of technology.

An example of how the real history is falsified and how the contradictions of capitalism are "written off" at the expense of technology is provided by an article titled "Technology and Society,"

written by a certain Professor M. Rader in the American magazine *The Scientific Monthly*. "Modern technical inventions have had the most destructive influence on the life of primary human groups," writes this, if you please, professor, concealing the fact that not technical inventions, but their capitalist application had a destructive influence on human society. "Modern technology and its spawn—giant industrialism," the author pronounces further without embarrassment, "have destroyed human relations. These factors have specialized activity to such an extent, have so entangled human nature in a net of technical conveniences (!), that benevolent, close, mutually understanding relations between people are more and more replaced by hostility, abstraction, and alienation both between small groups and between mass organizations." Thus, the wolfish laws of capitalism in the arguments of its advocates turn into a product of the development of technology. Rader, like other adepts of capitalism, tries to divert attention from the real causes leading to the calamities of millions of people in capitalist countries and to retard the unfolding of the class struggle.

In France, the bearers of anti-scientific ideas about the role of technology in modern capitalist society hide behind the loud signboard "French Movement for the Struggle for Abundance." Jacques Duboin, who heads this movement, and his company assert that they supposedly know "radical" ways of creating "abundance" in the country. To what does their "theory" boil down? First of all, to "proving" that the sole cause of unemployment is... the development of mechanization. "Contrary to what we are told," writes Duboin,

"the crisis from which the world suffers has only one cause—the increasingly intensive use of the latent energy of nature. Thus, both in the city and in the country, increasingly improved tools are applied. As a result of this, man loses work because he becomes unnecessary."

Trying to explain all the contradictions of capitalism by the development of technology, the French apologists of the capitalist system propose their methods of "curing" capitalism. They recommend transferring workers to a short workweek with a corresponding reduction in wages, i.e., doing precisely that which is most profitable to the monopolies. Predatorily using the possibilities of modern technology, monopolists strive to obtain maximum profit at the price of the worker's very life, which they value at nothing.

To expose the modern lackets of monopolies who try to explain the decay of capitalism by the supposedly excessive development of technology and the introduction of machines, it is appropriate to recall Marx's words in his letter to P. V. Annenkov in 1846. Flaying Proudhon and his reasoning about machines, Marx wrote: "The machine is just as little an economic category as the ox that drags the plow. The modern application of machines is one of the relations of our modern economic system, but the manner of exploiting machines is quite different from the machines themselves"[248]. Drawing a profound distinction between machines as such and the mode of their utilization, Marx, in one of his speeches printed in the Chartist

[248] K. Marx, F. Engels, *Selected Letters*, Gospolitizdat, 1948, p. 26.

newspaper *The People's Paper* in 1856, pointed out that the machine is endowed with wonderful power to shorten and render human labor more fruitful. But, says Marx, characterizing its application in capitalist society, it causes hunger and exhaustion.

In contrast to capitalist countries, in the USSR machines save labor for society and at the same time alleviate the labor of workers, in view of which under conditions of socialism, unlike conditions of capitalism, workers very willingly use machines in the process of labor. Hence, the whole point is to which class the machines belong, which class forces them to serve itself.

In socialist society, instead of the periodic interruptions in the development of technology inevitable under capitalism, which are accompanied by the destruction of the productive forces of society, there is a continuous improvement of production on the basis of higher technology.

In capitalist countries, the economic law of the obligatory correspondence of production relations to the character of productive forces has long been forging a path for itself. If it has not yet forged a path for itself and emerged into the open spaces, it is because it encounters the strongest resistance from the dying forces of society. In socialist society, where production relations fully correspond to the character of productive forces and promote their development, the growth of technology, carried out in accordance with the requirements of the basic economic law of socialism, is a source of incessant progress of technology under socialism, an instrument of

creation, creative labor, peace, and the growth of the well-being of the working people.

Questions of Philosophy, No.5, 1953.

S. YANCHENKO

ON THE CONTINUOUS GROWTH OF SOCIALIST PRODUCTION AS A CONDITION FOR PREPARING THE TRANSITION TO COMMUNISM

Having built a socialist society in our country, the Soviet people, under the tried and tested leadership of the Communist Party, have entered a period of gradual transition from socialism to communism.

The transition to the higher phase of communism, as Stalin points out, means a radical transition from one economy, the economy of socialism, to another, higher economy, the economy of communism. Lenin and Stalin have always attached enormous importance to uncovering the economic laws of the transition to communism, to the economic justification of building a communist society. In his report at the 8th Party Congress, Lenin said that we value communism only when it is economically justified.

Developing the theory of Marxism-Leninism, generalizing the experience of building socialism in our country, I. V. Stalin in "Economic Problems of Socialism in the USSR" put forward and substantiated the basic prerequisites for preparing the transition to communism: firmly ensuring the continuous growth of all social production with the preferential growth of the production of means of production; raising, through gradual transitions carried out to the advantage of the collective farms

and, consequently, of the whole society, collective farm property to the level of public property and replacing commodity circulation, also through gradual transitions, with a system of product-exchange, so that the central authority or some other socio-economic center can embrace all the output of social production in the interests of society; achieving such a cultural growth of society as would ensure for all members of society the comprehensive development of their physical and mental abilities, so that members of society have the opportunity to receive an education sufficient to become active agents of social development, so that they have the opportunity to freely choose a profession, rather than being chained for life, by virtue of the existing division of labor, to any one profession.

Marxism views social production as a whole, having two inseparable but distinct sides: productive forces, expressing people's relations to nature, and production relations, expressing people's relations to each other in the production process. Performing their independent role in the process of producing material goods, productive forces and production relations — as different sides of a single whole, social production — act upon each other. The productive forces of society in their development outstrip production relations, going ahead of them. They are not only the most mobile and revolutionary forces of production, but also the determining element in the development of social production, since production relations change depending on and in accordance with changes in the productive forces. Production relations, in turn, actively influence the development of productive forces.

New production relations open up complete scope for the rapid growth of productive forces, while old relations, having ceased to correspond to the character of productive forces, hinder and retard their development.

In a socialist society, production relations are in complete correspondence with the character of productive forces. This, of course, does not mean that under socialism there are no contradictions between productive forces and production relations, or that the development of the latter does not lag behind the development of productive forces. Under socialism as well, new production relations do not remain forever new: with the development of productive forces they begin to age and come into contradiction with the further development of productive forces. But in a socialist society, with the correct policy of the guiding bodies, contradictions between production relations and productive forces cannot turn into antagonism, and matters cannot reach a point of conflict between production relations and the productive forces of society, because socialist society does not have within its composition dying classes that could organize resistance to the cause of bringing production relations into correspondence with the growth of productive forces. This is one of the fundamental differences between the socialist mode of production and the capitalist and all other pre-socialist modes of production based on the exploitation of one class by another.

The greatest advantage of socialist production over capitalist production and the source of its continuous growth is that the immediate goal of socialist production is not profit, but man with his constantly growing needs. This is determined by the

basic economic law of socialism. Socialist production relations, established in our industry as a result of the victory of the Great October Socialist Revolution and in our agriculture as a result of collectivization, have opened wide scope for the rapid and continuous growth of the productive forces of socialist society, and have provided a broad economic basis for the operation of the basic economic law of socialism. Further strengthening and improvement of socialist production relations will increasingly expand the sphere of operation of the basic economic law of socialism, opening ever greater scope for the growth and improvement of socialist production and the satisfaction, on this basis, on an ever-increasing scale, of the needs of the members of our society.

Under socialism, which does not know crises, unemployment, poverty of the popular masses, and other incurable sores of capitalism, all social production continuously grows and improves on the basis of advanced technology, and all branches of the national economy continuously develop. Socialist industry develops at particularly rapid paces — the basis of the might of our Motherland and of raising the well-being of the Soviet people. Our large-scale socialist industry in 1940 produced almost 12 times more output than in 1913. In the post-war years our industry, despite the severe destruction inflicted by the war, developed at rapid paces and in 1952 exceeded the 1940 level by approximately 2.3 times. By the end of 1955, gross industrial output will exceed the 1940 level threefold.

On the basis of and as the national economy develops, the material well-being of our people also rises, the real wages of

workers and employees grow, and the in-kind and monetary incomes of collective farmers grow. As a result of the increase in the monetary wages of workers and employees and the monetary and in-kind incomes of peasants, the reduction of prices for mass consumption goods, and the increase in other payments to the population at the expense of the state, the real incomes of workers and employees, calculated per worker, in 1951 were higher than in 1940 by approximately 57%, and the real incomes of peasants, calculated per worker, were higher by approximately 60%. The directives for the fifth five-year plan provide for an increase in the real wages of workers and employees, taking into account the reduction of retail prices, by no less than 35% and an increase in the monetary and in-kind incomes of collective farmers (in monetary terms) by no less than 40%.

A fivefold reduction in state retail prices for industrial and food goods, carried out over the period 1947–1952, halved prices for food and industrial goods on average (compared to the fourth quarter of 1947). A new, sixth price reduction for food and industrial goods, implemented from April 1, 1953, raises the level of real wages of workers and employees even higher. As a result of this price reduction, through state and cooperative trade alone, the direct benefit to the population will amount to 46 billion rubles per year. And if we take into account the price reduction on the collective farm market, which will give the population an additional benefit in the amount of no less than 7 billion rubles, the total benefit to the population from the sixth price reduction will amount to no less than 53 billion rubles per year.

The continuous growth and improvement of socialist production on the basis of advanced technology presuppose the preferential growth of the production of means of production. The preferential growth of the production of means of production, as I. V. Stalin points out, is necessary not only because it must provide equipment both for its own enterprises and for the enterprises of all other branches of the national economy, but also because without it expanded reproduction is generally impossible.

Large-scale machine industry, which appeared under capitalism, is that material base which ensures the possibility of the continuous development and improvement of social production. Engels noted the enormous capacity of large-scale machine industry for expansion, before which, in his words, the expansiveness of gases turns out to be child's play. However, the capitalist application of machines, and consequently the development and improvement of capitalist production, are limited by the narrow framework of capitalist production relations, the narrow immediate goal of capitalist production, consisting in securing profit for capitalists. Having developed the productive forces of society to colossal dimensions, capitalism has become entangled in contradictions insoluble for it.

The basic economic law of capitalism makes it possible to understand and explain the entire process of contradictory development of the capitalist mode of production. It makes it possible to understand and explain, in particular, the process of contradictory development of production technology under capitalism. "Capitalism is for new technology when it promises

it the greatest profits. Capitalism is against new technology and for a transition to manual labor when new technology does not promise the greatest profits anymore"[249].

In direct opposition to capitalism, in the USSR socialist production continuously develops and improves on the basis of advanced technology.

Marx noted that "in the most diverse socio-economic formations there takes place not only simple reproduction, but also reproduction on an expanded scale, although the latter does not take place on the same scale. With the passage of time more is produced and more is consumed, consequently more product is turned into means of production"[250]. Mechanical instruments of labor, the totality of which Marx calls the bony and muscular system of production, although used at very different stages of society's development, nevertheless acquire special significance only with the emergence and development of large-scale machine industry, which produces machines by means of machines.

But from the time when machines began to be produced with the help of machines, the development and improvement of production technology in all branches cannot but be determined by the development and improvement of technology in branches producing machines. Thus, large-scale machine industry, first of all the branches producing machines for the production of machines, as well as the branches providing

[249] I. Stalin, Economic Problems of Socialism in the USSR. Gospolitizdat, 1952, p. 40.
[250] K. Marx, Capital, vol. 1, 1952, p. 603.

everything necessary for the production of machines, are the material basis of all branches of production in modern society. Expanded reproduction in modern society, based on large-scale machine industry, means nothing other than the preferential development of branches producing instruments and means of production, and therefore cannot take place without preferential growth rates of these branches. Uncovering the essence of the faster growth of the production of means of production under capitalism, V. I. Lenin wrote: "The whole meaning and all the significance of this law of the faster growth of means of production lies solely in the fact that the replacement of manual labor by machinery, the general progress of technology under machine industry, requires an intensified development of industries for the extraction of coal and iron, these real 'means of production for means of production'"[251].

Socialist production differs from capitalist production, among other things, in that it accomplishes a technical coup, a technical revolution in all branches of production, basing all branches of production without exception on the material base of large-scale machine industry employing advanced technology. Therefore, the preferential growth of the production of means of production is one of the main prerequisites and the decisive condition for the continuous growth of all socialist production. On the other hand, the preferential growth of the production of means of production only under the conditions of a socialist society ensures the continuous growth and improvement of all social production. Under capitalism, the operation of the law of the faster growth

[251] V. I. Lenin, Works, vol. 1, p. 89.

of the production of means of production cannot ensure and does not ensure the continuous growth of social production. On the contrary, there this law, and all laws of capitalist production, lead to glaring and insoluble contradictions for capitalism. In capitalist society, production is subordinated to the principle of obtaining capitalist profit. The consumption of the working people is needed by capitalism only insofar as it ensures the task of extracting profit. Outside of this, the question of consumption loses meaning for capitalism. Capitalism in its development deepens the antagonistic contradiction inherent in it between production and consumption. The growth of capitalist production leads not to an improvement in the material situation of the working masses, but, on the contrary, to their ever-increasing impoverishment. Capitalist production develops cyclically from an upswing to a decline in production.

Out of the entire totality of means of production, the leading, decisive role in the production process belongs to the instruments of production. Therefore, when Marxist political economy speaks of the production of means of production, it means first of all the production of primary means of production — instruments of production, without which the production of material goods is impossible. The decisive, determining role of instruments of production in comparison with all other means of production has always been emphasized by Marxist political economy.

Here is the key to understanding the socialist industrialization of our country, to understanding why, for the firm provision of

the continuous growth of socialist production, the preferential growth of the production of means of production is necessary.

In addition to instruments of production, for the production of material goods raw materials are also necessary, first of all basic types of raw materials. Therefore, the Communist Party and the Soviet Government pay enormous attention to prospecting for raw material resources and the industrial development of all types of raw materials with which our country is so rich. I. V. Stalin spoke about the importance for the development of the socialist economy of such most important means of production as pig iron, steel, oil, coal in his speech before the voters of the Stalin Electoral District of Moscow on February 9, 1946: "We must achieve a situation where our industry can produce annually up to 50 million tons of pig iron, up to 60 million tons of steel, up to 500 million tons of coal, up to 60 million tons of oil. Only under this condition can it be considered that our Motherland will be guaranteed against any eventualities"[252].

But in order to achieve such a level of extraction of these, as well as many other types of raw materials, it is first of all necessary to provide the mining and processing industry with modern technology, with the most perfect instruments of production. Raw material by itself cannot produce instruments of production, whereas no raw material can be produced without instruments of production.

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[252] I. Stalin, Speeches at Election Meetings of Voters of the Stalin Electoral District of Moscow on December 11, 1937 and February 9, 1946. Gospolitizdat, 1952. Pp. 22–23.

Without advanced technology, without modern mechanization of labor processes, a significant increase in labor productivity and an expansion of the scale of production in any branch of production are impossible. And labor productivity, Lenin taught, is, in the final analysis, the most important, the most principal thing for the victory of the new social system.

The Soviet state inherited from tsarist Russia an industry that was weak and, moreover, heavily destroyed during the years of the First World War and the Civil War that followed it. The creation of a large-scale socialist industry, the creation of heavy industry capable of producing all the necessary equipment for the re-equipment of industry, transport, and agriculture, was the most urgent, most vital task. In the extremely difficult conditions of economic ruin of the first years of Soviet power, V. I. Lenin persistently taught the party and the Soviet people to economize on everything in order to direct every slightest saving toward the restoration of industry.

Having basically restored the pre-war level of industrial production by 1926/27, the Soviet people proceeded to carry out the industrialization of our country. The essence of the industrialization policy proclaimed by the party at the 14th Congress consisted in transforming our country from an agrarian into an industrial one, capable of producing the necessary equipment by its own efforts. The external and internal conditions of our country dictated the need for rapid paces of industrialization. The Soviet Union was the only country building socialism in a capitalist encirclement. In order to uphold the economic independence of the Soviet Motherland and defend it in the event of an attack by capitalist states, it was

necessary in the shortest possible time to liquidate the technical and economic backwardness of the country. The rapid paces of industrialization of the country were also dictated by the need to transform on socialist lines backward small-commodity agriculture, small-commodity production, which represented a nutritive soil for the growth of capitalist elements in the countryside. Socialist industry had to supply agriculture in a short time with advanced technology, on the basis of which alone it was possible to radically transform small-peasant farming, to create the economic base of socialism in the countryside.

The Soviet country could not industrialize in the way capitalist countries industrialized. In capitalist countries, as is known, industrialization usually began with the development of light industry, in which fewer investments are required, capital turns over faster, and making profit is an easier matter; only after a long period, during which light industry accumulated profits, came the turn of heavy industry and the gradual pumping of accumulations into heavy industry began. Such a method of industrialization is regular for the capitalist mode of production, the driving motive of which is the capitalists' pursuit of profit. The situation is completely different under the conditions of socialism. The determining motive of socialist production is not profit, but the satisfaction of the growing material and cultural needs of all members of society.

Thus, the objective laws of the economic development of socialist society opened up the possibility, and the concrete situation dictated the urgent necessity, of applying a special,

Soviet method of industrialization, radically different from the capitalist method of industrialization.

Proceeding from the proposition on the decisive role of instruments of production, I. V. Stalin repeatedly emphasized that "industrialization must be understood primarily as the development of heavy industry among us and, especially, as the development of our own machine building, this main nerve of industry in general. Without this, there is no use talking about ensuring the economic independence of our country"[253].

The struggle to solve this task in our country unfolded widely during the years of the first five-year plan. Out of 24.8 billion rubles of capital investments in industry over 4 1/4 years of the first five-year plan, 21.3 billion rubles, or 85.8%, were invested in heavy industry. During the years of the first five-year plan, hundreds of new heavy industry enterprises equipped with the latest technology were built, and many new branches of industry were created — tractor and automobile industry, machine tool building, agricultural machine building, etc. Our country transformed from an agrarian into an industrial one. The share of industrial output in the gross output of the national economy rose from 48% in 1927/28 to 70% by the end of the fourth year of the first five-year plan (1932). Year after year the share of machine building in our industry grew. While in 1913 the share of machine building in gross industrial output was 11%, in 1929 it was 14.8%, in 1932 — 25%, in 1933 — 26.1%. The most important directive of the 14th Party Congress to transform the USSR from a country importing

253 I. Stalin, Works, vol. 8, pp. 121–122.

machines and equipment into a country producing machines and equipment was fulfilled.

During the years of the second five-year plan, the output of machine building and metalworking increased almost 3 times. While by the end of the first five-year plan the volume of machine building output had grown compared to 1913 by more than 10 times, by the end of the second five-year plan it increased by more than 30 times, and by the end of 1940 — by 50 times. In 1940, the share of machine building in the total volume of industrial output of the USSR reached 31% and was significantly higher than in capitalist countries. In production technology, in the saturation of both industrial and agricultural production with new technology, our national economy advanced to first place in the world.

In 1950, machine building output exceeded the 1940 level by 2.3 times. At the same time, the production of metallurgical equipment increased compared to 1940 by 4.8 times, the production of oil equipment — by 3 times, the output of steam turbines — by 2.6 times. The new, fifth five-year plan provides for an increase in the output of machine building and metalworking over the five-year period by approximately 2 times. At the same time, the production of heavy forging and pressing machines will increase by 8 times, oil equipment — by 3.5 times, hydroturbines — by 7.8 times, large metal-cutting machine tools — by 2.6 times, the production of rolling equipment — by more than 2 times, etc.

The preferential growth of the production of means of production makes it possible to provide in an ever-increasing volume the necessary equipment both for the enterprises of

Subdivision I and for the enterprises of all other branches of the national economy, and thereby creates real possibilities for expanding production in all branches. Thus, improving the provision of heavy industry branches with the latest equipment made it possible to significantly increase the annual growth in pig iron and steel smelting, coal and oil extraction. Over the three years 1949–1951, the growth in pig iron smelting amounted to 8 million tons, steel smelting — 13 million tons, rolled production — 10 million tons, coal extraction — 74 million tons, oil extraction — 13 million tons, the growth in electricity generation — 37 billion kWh; in pre-war years such growth was achieved in pig iron smelting in 8 years, in steel smelting — in 9 years, in rolled production — in 12 years, in coal extraction — in 6 years, in oil extraction — in 10 years, in electricity generation — in 9 years.

Systematic provisioning of socialist agriculture with first-class technology created real possibilities for an unprecedented growth in agricultural production. Over the years of the first five-year plan, agriculture received 153.9 thousand tractors, of which 94.3 thousand were of domestic production. Starting from 1932, our industry began to fully supply socialist agriculture with tractors, combines, and other agricultural machines of domestic production. By 1940, the number of MTS increased to 7,069 against 2,446 at the end of 1932. At present, our country has about 9 thousand machine-tractor, forest-protection, meadow-reclamation, and machine-livestock stations.

As a result of equipping our agriculture with first-class technology, in 1937 the harvest of grain crops amounted to

7,344 million poods against 4,266 million poods in 1932. Raw cotton harvested in 1937 was 157.6 million poods against 77.6 million poods in 1932. Grain production was restored in the third year after the end of the war and in subsequent years increased with a simultaneous large growth in marketable grain. In 1952, the gross grain harvest amounted to 8 billion poods. The grain problem, previously considered the most acute and serious problem, has been resolved with success, resolved finally and irrevocably.

The production of cotton and sugar beets developed at particularly rapid paces after the war. In 1951, the gross output of raw cotton exceeded the pre-war level by 46% and of sugar beets — by 31%.

In 1952, an even richer harvest of these crops was grown. The pre-war level of production of potatoes, oilseeds, and fodder crops has been exceeded. Now over 40% of the total value of marketable crop production falls to the share of industrial crops.

The continuous growth of all social production with the preferential growth of the production of means of production presupposes the continuous development and improvement of technology, comprehensive technical progress. Without improving technology, it is impossible to ensure a systematic increase in labor productivity, and consequently, the growth of all social production. The preferential growth of the production of means of production in all social production is an expression of technical progress. The significance of technical progress for the growth and improvement of socialist production is emphasized by I. V. Stalin in the definition of the basic

economic law of socialism. Technical progress has received the widest development in our country, unprecedented and unthinkable under the conditions of capitalism.

The most important direction of technical progress at the present stage of production development is electrification. Lenin and Stalin always attached enormous importance to the electrification of the entire country. Lenin called the electrification plan of Russia adopted in the first years of Soviet power (GOELRO plan) the second program of the party.

In our five-year plans, enormous attention is paid to the construction of power plants, the electrification of the entire country. In recent years, electrical capacities have been put into operation in our country annually on average 2 times more than were put into operation under the GOELRO plan in 10 years. The power plants of the Soviet Union now generate as much electricity in one month as the power plants of pre-revolutionary Russia generated within 5 years. As a result of the successful fulfillment and overfulfillment of the fourth five-year plan, electricity generation in 1950 exceeded the 1940 level by 87%. The fifth five-year plan provides for such high growth rates of power plant capacities and electricity generation that would outpace the rapid growth rates of the national economy. Over the five-year period, the total capacity of power plants will approximately double, and of hydroelectric power plants — triple; electricity generation will increase by approximately 80%. In the fifth five-year plan, the Kuibyshev Hydroelectric Power Station, the largest in the world, as well as the Kama, Gorky, Mingechaur, Ust-

Kamenogorsk, and other hydroelectric power stations, will be put into operation.

The basis of technical progress is machine building. During the years of the fourth five-year plan, machine building branches basically renewed the nomenclature of manufactured products. About 250 new types of general-purpose metal-cutting machine tools, more than one thousand types of special and unit machine tools, 23 types of automatic and semi-automatic machines, 34 types of forging and pressing automatic machines, powerful pneumatic molding machines, machines for die casting and centrifugal casting were mastered. 26 automatic machine tool lines and an automatic plant for the manufacture of automobile parts were created.

About 7 thousand large state industrial enterprises, restored, built, and put into operation in 1946–1951, are equipped with first-class technology. In the post-war years, all branches of industry were equipped with new machines and mechanisms. Domestic machine building alone created about 1,100 new types and brands of machines and mechanisms in just two years of the fifth five-year plan. At the same time, the machine tool building industry mastered more than 350 new types and brands of metal-cutting and woodworking machine tools and forging and pressing machines. The directives of the 19th Party Congress on the fifth five-year plan provide for high paces of machine building development as the basis of a new powerful technical progress in all branches of the national economy of the USSR.

The preferential growth of the production of means of production in a socialist society is not an end in itself. It is a

condition for the continuous expansion of the production of articles of personal consumption. In bourgeois society, where production is subordinated to the principle of the pursuit of maximum capitalist profit, where the consumption of the working class appears merely as "the production and reproduction of the very means of production necessary for the capitalist of the worker himself" (Marx) — in bourgeois society the primacy of production of means of production serves the purposes of capitalist exploitation and leads to constant violations of proportionality between Subdivisions I and II of social production, manifesting themselves in economic crises of overproduction. The constantly growing material and cultural needs of the members of socialist society in the USSR propel socialist production forward, require the continuous growth of all socialist production, the condition for which is the continuous preferential growth of the production of means of production, the constant growth and improvement of production technology. I. V. Stalin in "Economic Problems of Socialism in the USSR" emphasized that technical progress is the basis of the steady growth of all socialist production.

On the basis of advanced technology, industry producing consumer goods is steadily developing. Having almost reached the level of the pre-war year 1940 in 1948, in 1951 it exceeded this level by 43%. The directives of the 19th Party Congress on the fifth five-year plan provide for the growth of consumer goods production over the five-year period by approximately 65%.

Three main preliminary conditions for preparing the transition to communism are in close interrelation and interdependence.

The building of communism requires, first of all, the firm provision of the continuous growth of all social production. The firm provision of the continuous growth of all social production with the preferential growth of the production of means of production will make it possible to produce more and more industrial products, including industrial items that will be released by the town to the countryside in the order of product-exchange. The role of the continuous growth of all social production with the preferential growth of the production of means of production in fulfilling the third preliminary condition for preparing the transition to communism is exceptionally great. The decisive conditions for such a cultural growth of society as would ensure for all members of society the comprehensive development of their physical and mental abilities — the reduction of the working day to 6 and then to 5 hours, the introduction of universal compulsory polytechnic education, the radical improvement of housing conditions and the increase of real wages of workers and employees by a minimum of twofold, if not more — can be and will be gradually implemented on the basis of the powerful growth of socialist production, the increase of labor productivity, the lowering of production cost, the increase of socialist accumulation.

Our current production relations are experiencing that period when, while fully corresponding to the growth of productive forces, they are moving them forward by leaps and bounds. Soviet socialist society currently successfully uses and will use in the near future the cooperative-collective farm form of property and commodity circulation for the growth of social

production. But at the same time, these economic phenomena are already beginning to hinder the powerful development of our productive forces, insofar as they create obstacles to the full coverage of the entire national economy, especially agriculture, by state planning. The further it goes, the more these phenomena will hinder the growth of the productive forces of our country. In order to resolve this contradiction and give scope to the further growth of productive forces, it will be necessary, through gradual transitions, to raise collective farm property to the level of public property, and to replace commodity circulation with a system of product-exchange. As I. V. Stalin emphasizes, it is impossible to achieve either an abundance of products capable of covering all the needs of society, or the transition to the formula "to each according to his needs," leaving collective-group property and commodity circulation in force.

The most important condition for the growth and improvement of socialist production both in town and country is the increase of labor productivity. The productive force of labor, as is known, depends not only on the degree of equipping production with technology and its level, on the organization of labor and production, but also on the production skills, general cultural and technical level of the direct producers themselves. This has special significance for socialist production. Large-scale socialist production, equipped with the latest first-class technology, rapidly developing and improving, needs comprehensively developed and educated producers, active agents of social development, capable of freely choosing a profession in accordance with their talents and aspirations.

Therefore, the problem of the cultural growth of our entire society, raising the cultural and technical level of workers and collective farmers to the level of engineering and technical labor and eliminating on this basis the essential distinction between mental and physical labor, is of paramount importance not only from the point of view of ensuring for all members of socialist society the comprehensive development of their physical and mental abilities, but also for the very growth and improvement of socialist production.

The close interrelation and interaction of the three main conditions for preparing the transition to communism are generalized in Stalin's formula, in which he emphasizes the necessity of fulfilling all three preliminary conditions taken together for preparing this transition.

Communism arises as a result of the conscious creativity of many millions of working masses, relying in their activity on the objective laws of the economic development of socialism, using these objective laws in the interests of the development of all society. Skillful practical use of the economic laws of socialism, of all objective possibilities for expanding production inherent in the socialist system, is the most important condition for ensuring the continuous growth of all social production. It is necessary to comprehensively improve the organization of socialist production, tirelessly seek, find, and use hidden reserves lurking in the depths of production, comprehensively deploy socialist emulation, raise labor productivity in all branches of the national economy.

The Soviet people, under the leadership of the Communist Party and the Soviet Government, are confidently and with

enormous patriotic enthusiasm carrying out the preparation of the transition from socialism to communism.

Questions of Economics, No.6, 1953.

Z. Atlas

ON CERTAIN ISSUES IN THE THEORY OF SOVIET MONEY

The preservation in our socialist society, albeit within a limited sphere, of commodity production and circulation, and the operation on this basis of the law of value, also presuppose the existence of money, a "money economy." As Marx stated, "the bifurcation of a commodity into commodity and money is the law of expression of the product as a commodity"[254].

It is known that commodity production cannot be viewed as something self-contained, independent of surrounding economic conditions in various social formations. Under socialism, commodity production is profoundly different not only from commodity production under capitalism, but also from commodity production in pre-capitalist formations. Likewise, money cannot be viewed as an immutable category independent of surrounding conditions.

To understand the dialectics of the development of bourgeois economic instruments under the dominance of public ownership, Marx's provisions on the "simple" and capitalist functions of money are very important. The function of the universal equivalent constitutes the general or "simple," in Marx's expression, function of money existing in various social formations. This simple function of money cannot be confused with its function as capital, although under certain historical conditions the latter completely and utterly subordinates the

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254 K. Marx, *Capital*, Vol. II, 1952, p. 353.

former, and the simple functions of commodity and money inevitably turn into functions of capital. This transformation by no means stems from the very nature of the commodity and money. The function of money and the function of commodity become functions of monetary and commodity capital only as a consequence of their connection with the functions of industrial capital, that is, as a result of their complete and organic inclusion in the process of capital circulation. "The capitalist relation," Marx emphasizes, "manifests itself in the production process only because it already exists in itself in the act of circulation, in the difference of those basic economic conditions under which the seller and buyer (of labor power. — Z. A.) confront each other, in their class relation. This relation does not stem from the nature of money; on the contrary, only the existence of this relation can turn the simple function of money into a function of capital"[255]. The role of commodity and money in the process of capital circulation is examined in detail by Marx in the second volume of *Capital*, where he shows how all the specific functions of money (means of circulation and payment, hoards, world money) turn into functions of capital, how all these functions of money are filled with capitalist content.

In connection with this, it must be noted that in the general course of political economy and in the special course of monetary circulation and credit, the characterization of the functions of money is given only according to the third chapter of the first volume of *Capital*, as a result of which the most essential specifically capitalist content of the functions of

[255] Ibid., pp. 27–28. (Emphasis ours. — Z. A.).

money in bourgeois society falls out of the field of vision. And this, to say the least, makes it difficult to correctly understand the dialectics of the development of money in the transition period from capitalism to socialism and under socialism. After all, the dictatorship of the working class seized the money and monetary system of the capitalist economy, and not of a simple commodity economy, and created in a fierce class struggle such new economic conditions that led to a radical, principled change in the functions and purpose of money in relation to the interests of socialism, to the detriment of capitalism.

Precisely because the nature of money as such is entirely different from the nature of capital, they can exist and be actively used by a socialist society, in which private ownership and class exploitation are absent.

At the 14th Congress of the Party, I. V. Stalin subjected to crushing criticism the bourgeois-restorationist "theory" of the identity of functions and purpose of such economic categories as trade, money, banks, under the conditions of capitalist society and under the conditions of the dictatorship of the working class, when the commanding economic heights are concentrated in the hands of the socialist state. Stalin showed that, by mastering such methods and weapons of the bourgeoisie as trade and the monetary system, the dictatorship of the working class successfully uses them to overcome capitalist elements, to build the foundation of the socialist economy. The functions and purpose of these instruments of the bourgeoisie change in favor of socialism, to the detriment of capitalism. In *Economic Problems of Socialism in the USSR*, generalizing the experience of socialist society in our country,

Stalin pointed out that of money and banks, mainly the form has been preserved with us, but in essence they have changed radically — in adaptation to the needs of the development of the socialist national economy.

Money under the conditions of the USSR has undergone significant changes in the course of its development. Soviet money of socialist society differs from Soviet money of the period of the multi-sectoral, transitional economy. The process of the radical change in the nature and functions of money is completed under socialism: with the building of socialism, the socialist content of Soviet money has received full development. In socialist society, money no longer expresses those class-antagonistic relations that it expressed in the transitional economy.

Money under the conditions of commodity production is a special commodity, the universal equivalent. Marx defines the concept of the universal equivalent as "the unity of the measure of value and the means of circulation." But in socialist society, money is a universal equivalent, not ordinary, not analogous to every, and all the more so capitalist, commodity production. This is a universal equivalent of a special kind. All the features of commodity production existing under socialism extend to money.

The socialization of the means of production, the restriction of the sphere of commodity production mainly to personal consumption items exclude the possibility of using money as capital, as an instrument of exploitation of man by man. Instead of an instrument of exploitation, money has become in socialist society an instrument for stimulating the growth and

improvement of production on the basis of higher technology for the purpose of maximum satisfaction of the needs of the working people. The change in the purpose of money, the adaptation of this old economic form to the conditions of socialism, its subordination to new economic laws inherent in socialism mean that money, losing its old social functions, acquires new social functions.

Since the necessity of money stems from commodity exchange caused by the presence of two forms of socialist production it is necessary first of all to speak of the functioning of Soviet money as a universal equivalent precisely in this sphere. Money under socialism is first of all a necessary form mediating the exchange of the products of labor between the two production sectors of a socialist society. Labor in collective farms cannot be considered to a full extent as directly social labor on a nationwide scale: the state cannot dispose of the output of collective farms as its property.

Money in the USSR is a very peculiar universal equivalent. Soviet money expresses socialist production relations and above all relations between two friendly classes—the working class and the peasantry. Money in the USSR is an old form filled with new content. As a result of gradual changes, the new content has deeply penetrated this old form and completely subordinated it to itself. The old form began to be used for the development of the new: first for the building of socialism, and then for the development of the socialist economy and the preparation of the transition to the higher phase of communism.

Soviet money would not be money if it did not express the distinction existing in socialist society between concrete and

abstract labor, between individual and socially necessary labor. Both the necessity of commodity exchange and the distinction between concrete and abstract labor stem from the presence of two forms of socialist production at the present stage of our development. Money expresses the value of commodities, i.e., the abstract labor embodied in them. The equality of labor expenditures as abstract labor manifests itself in the equality of the products of labor in exchange, in exchange proportions established through money as a measure of value, i.e., in the prices of commodities.

If the concept of abstract labor gives a qualitative characteristic of the labor creating value, then the concept of socially necessary labor gives a quantitative characteristic of the labor creating value. The magnitude of the latter, expressed in monetary form, is determined not by the individual labor of a given worker employed at a given enterprise, but by socially necessary labor. When establishing planned norms, such as medium-progressive ones, one proceeds from the actually achieved level of socially necessary labor.

The law of value does not have the scope with us that it had under capitalism; the law of value is not a regulator of production with us. Nevertheless, on the basis of the opposition between use value and value, between concrete and abstract labor, contradictions arise in economic practice, for example, between the fulfillment of the plan for value, for profit, on the one hand, and for assortment and product quality — on the other. These contradictions can cause damage to production, create the threat of disproportions in the national economy. They are uncovered and overcome through the mechanism of

nationwide control (departmental, financial-banking, as well as the Ministry of State Control) and under no circumstances can develop into antagonistic contradictions. Such contradictions are excluded by the very nature of the socialist economy, in which the law of planned (proportional) development operates and which completely excludes the contradiction between the social character of production and the private form of appropriation. That is why the presence of money, the presence of commodity metamorphosis C–M–C does not generate, in socialist society, in contrast to ordinary commodity production, the possibility of economic crises.

The general function of money as a universal equivalent in the sphere of exchange of labor products between the two production sectors has replaced the function that money performs under conditions of ordinary commodity production —serving as a means of turning directly private labor into social labor through the process of market exchange. Although in both cases we are dealing with the servicing of commodity exchange by money, nevertheless there is a qualitative difference here, because under socialism commodity production and circulation have peculiar features that fundamentally distinguish them from commodity production and circulation based on private property. Our commodity production deals mainly with commodities of socialist producers, i.e., state and collective-farm-cooperative enterprises. It expresses qualitatively different, socialist production relations, being an element of the socialist economic system, and is subordinated to the operations of the basic economic law of socialism and the law of planned

(proportional) development. That is why one should speak of a qualitatively new function of the universal equivalent as a form mediating the process of exchange between united socialist producers, and not of a modification of the old function of the universal equivalent indicated above.

The exchange process is serviced by the universal equivalent as the "unity of the measure of value and the means of circulation." As Marx showed, these two concrete functions of money necessarily stem from their general function as a universal equivalent, from the very essence of the latter. The radical change in the nature of money, their socio-economic content finds full expression in all concrete functions of money and above all in the functions of the measure of value and the means of circulation.

If under ordinary commodity production money functions exclusively as a spontaneously operating measure of value, then in a socialist society the measurement of the value of produced commodities is no longer the result of the spontaneous action of the law of value as a regulator of production, but serves as a necessary form of planned nationwide accounting of social labor spent on the production of products, a form of control over the measure of labor and the measure of consumption. This function, concretely expressed in price formation, in determining the cost of production of output and the net income created in the production process, is carried out in accordance with the requirements of the law of planned (proportional) development of the national economy.

In the function of the means of circulation, money services exclusively Soviet trade — a completely special type of trade,

trade without capitalists, big and small. Consequently, this is not an ordinary function of the means of circulation, but an instrument of such commodity circulation that is carried out through the mechanism of Soviet trade planned and regulated by the Soviet state in accordance with the basic economic law of socialism and the law of planned (proportional) development.

At the same time, one of the contradictions of our economy lies in the fact that certain elements of the spontaneous operation of the law of value have been preserved in the unorganized market. This finds expression in market price formation, in fluctuations in the supply of commodities on the collective farm market, etc. And on this basis, opportunities remain for certain individuals under certain conditions to receive speculative incomes in the market. Such phenomena in the sphere of commodity and monetary circulation, as our society moves toward the higher phase of communism, will be more and more restricted and ultimately will completely disappear.

Although the sphere of commodity and, consequently, monetary circulation is restricted mainly to consumer goods and agricultural raw materials from which consumer goods are produced, nevertheless the functioning of Soviet money is not restricted only to this sphere. Soviet money is also used in the process of the economic turnover of the means of production in our society. Why then does money extend its effect and, consequently, function in one way or another also in the sphere of production and distribution of the means of production? This is explained by the following reasons.

Firstly, since consumer goods are commodities and workers can receive them only for money, the coverage of labor power expenditures in the production process (provision of workers with necessary consumer goods) can also occur at present only through the mediation of monetary wages. Wages constitute one of the most important elements of cost of production. Since it is paid, accounted for, and planned in monetary form, all other elements of production costs must also be accounted for in monetary form, because otherwise the sum of costs cannot be established. Thanks to monetary (value) accounting, it is possible to keep accurate calculation of enterprise costs and determine their profitability or unprofitability.

Secondly, since means of production — both instruments of labor and raw materials — are an important element of the value of means of consumption, it is impossible to determine this value without taking into account in monetary form the labor expenditures on the production of means of production, without giving the means of production a value expression (commodity, value shell). From this also stems the necessity of determining the value of means of production, their cost of production and price, the use of money for evaluating public expenditures on the production of means of production.

Thus, although money is not essentially a purchasing means (means of circulation) in relation to the means of production, nevertheless one of the functions of the universal equivalent in the socialist measure of value is also used in the sphere of production and distribution of the means of production. If in relation to means of consumption the purpose of the function of money as a measure of value is to make possible the process of

commodity exchange between different owners, then in relation to means of production this function by no means has such a purpose. It is used only to determine the amount of wages and generally for accounting and control over the work of enterprises. Consequently, essentially, here money is not a measure of the value of commodities, but it is used as an instrument of accounting for labor expenditures and only outwardly, formally acts as a planned measure of value due to the fact that means of production possess a commodity shell. It is precisely in this sense that we use the concepts "value" and "measure of value" in the article in relation to the means of production.

Thirdly, the use of money as a measure of value for accounting labor expenditures on the production of means of production is connected with the presence of foreign trade with us, since in this area means of production produced by our state enterprises are commodities not only formally, but also essentially. According to trade agreements with the countries of people's democracy, the Soviet Union supplies them with the most diverse types of means of production, and, naturally, it is necessary to know the cost of production and price of these commodities.

Such are the reasons determining the economic necessity of the functioning of money as a measure of value for accounting labor expenditures and planned control over the production process in all branches of industry. This function of money extends its sphere of action, consequently, not only to consumer goods, but also to means of production.

The situation is different with the functioning of money as a means of circulation or a purchasing means. The function of money as a means of circulation and the function of money as a means of payment are connected with the change of forms of value, with the transition of a commodity from the hands of one owner into the hands of another owner. Meanwhile, means of production inside the country are not sold, but are distributed among state enterprises according to a plan. In the sphere of economic turnover of means of production inside our country, there is no commodity circulation. And since means of production during their movement from some branches and enterprises to others do not change owners (the socialist state remains such), it means that money here does not perform the function of a means of circulation and means of payment. Monetary settlements between enterprises, which the State Bank carries out by way of cashless transfers on enterprise accounts, do not express relations between different owners. These settlements in a socialist society are merely a method of nationwide accounting and control over the production and distribution of material assets, and in this sense they relate only to the purely formal side of the organization of the process of production and distribution of material assets by the state.

Thus, in our society, the category of the universal equivalent is not applicable to the sphere of economic turnover of the means of production, since only the combination of the measure of value and the means of circulation gives the concept of the universal equivalent. Soviet money acts as a real measure of value and as a real means of circulation, i.e., a universal purchasing means, mainly in relation to consumer goods, and,

consequently, mainly in this sphere they are truly a universal equivalent. One of the most important distinguishing features of money in a socialist society lies precisely in the fact that the sphere of their functioning specifically as a universal equivalent is strictly limited, while under capitalism, on the contrary, there are no boundaries for the functioning of the universal equivalent. Under capitalism, everything takes the form of a commodity, everything can be bought for money, down to human conscience and honor. In a socialist society, the boundary of commodity production is at the same time the boundary of the functioning of the universal equivalent; only items of personal consumption are freely sold and bought for money.

The peculiarity and contradiction of money in a socialist society lie precisely in the fact that here money functions simultaneously both in the world of commodities (consumer goods) and in the world of non-commodities (means of production). Since, as shown above, the functioning of Soviet money in the world of non-commodities is also a necessity as long as two forms of socialist production are preserved, therefore in defining Soviet money we cannot be limited only to the concept of the universal equivalent and those two concrete functions that constitute it (measure of value and means of circulation). We must reflect in the concept of Soviet money not only that they are connected with the law of value, but also that their functioning is ultimately subordinated to the basic economic law of socialism.

Consequently, Soviet money is not only a universal equivalent. They are something greater and something more perfect than

an ordinary universal equivalent; Soviet money is a universal equivalent used by socialist society in accordance with the requirements of the basic economic law of socialism as a universal instrument of accounting, planning, and control over production and the distribution of material goods throughout the entire national economy.

Soviet money as a universal equivalent plays a much less important role, has an immeasurably narrower application than money in a capitalist society. And at the same time, it is also beyond doubt that Soviet money represents an immeasurably more perfect historical type of money than money in all pre-socialist formations, because they are not simply a universal equivalent, not only a universal equivalent, but are widely and effectively, consciously and planfully used in accordance with the requirements of the basic economic law of socialism for the steady development and improvement of all socialist production.

In *Capital*, Marx showed how in the process of historical development one specific commodity is torn out of the world of commodities, in which all other commodities express their values and which therefore becomes money. "The function of the universal equivalent," Marx says, "becomes, with the aid of the indicated social process, the specific social function of the torn-out commodity. The latter becomes money"[256]. By the end of the 19th century, in the majority of capitalist countries, including pre-revolutionary Russia, gold had won a dominant position as monetary material.

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[256] K. Marx, *Capital*, Vol. I, 1952, p. 93.

After the Great October Socialist Revolution, in the process of the development of the Soviet economy, there was by no means any "advancement" of any other commodity to the role of universal equivalent. The Soviet price system in the new hard currency created by the monetary reform of 1922–1924 was built directly on the basis of the gold measure of value.

And in a socialist society, money, being a certificate giving its owner—a member of socialist society—the right to receive a certain share of the social product, and secured primarily by commodity masses put into circulation by the state at stable prices, is nevertheless not labor vouchers, but real money. And in a socialist society, the universal equivalent is gold; while in the sphere of commodity circulation, in direct accordance with the regularities inherent in it, value signs—Soviet monetary signs—circulate as a purchasing means.

When determining the relative value of commodities in money, when accounting for labor expenditures on the production of products that are not commodities, when establishing cost of production, prices, etc., our planning bodies do not directly resort to gold; they proceed from the given, actually known to them value of money, which is concretely expressed not only in the "price of gold" (i.e., in the gold content of the ruble), but also in the prices of all other commodities. Corresponding Member of the USSR Academy of Sciences F. I. Mikhalevsky, a major specialist on gold issues, rightly pointed out that in planned work on production and price issues, there is neither the necessity nor the possibility to conform each time with the value of gold. For planners, it is much easier to orient themselves to the value of bread or steel, but one can orient

oneself to bread or steel only because in them, in the costs of their production, the value of the commodity money is reflected.

Since the ruble possesses a gold content, our planning bodies, equating the value of specific commodities to money, thereby express this value in gold. Opponents of these theoretically very simple and clear provisions demand to be shown the mechanism of action of the gold measure of value in the socialist economy, analogous to the mechanism that operates under capitalism. They ask: where is the real connection between money and gold inside the country, where is the mechanism of the influence of changes in the value of gold on prices, where is the spontaneous exchange of gold for commodities at the sources of gold production, which under ordinary commodity production is a necessary condition for the functioning of gold as money, as a measure of value?

To answer these questions correctly, one must first of all pose and solve a more general problem—about the features of gold as a commodity in a socialist society. As early as in the article "On the Significance of Gold Now and After the Complete Victory of Socialism," V. I. Lenin examined the problem of gold from the angle of the victory of socialism on a worldwide scale. Until such a victory is achieved, Lenin pointed out, "we must save gold in the RSFSR, sell it at a higher price, buy goods for it at a lower price"[257]. Lenin connected the significance of gold under the conditions of the dictatorship of the working class in this article with the preservation of trade,

[257] V. I. Lenin, *Works*, Vol. 33, pp. 89–90.

both domestic and international. Since the necessity of both domestic and international trade is preserved in our socialist society as well, Lenin's theoretical propositions on the role of gold under the conditions of the dictatorship of the working class retain their significance even now.

The Soviet Union is one of the world's largest producers of gold. In the USSR, gold is mined mainly by state enterprises. A part of gold is mined by prospecting artels, which, by selling it to the state, thereby exchange gold at the sources of its production for various commodities. But even at the enterprises of the state gold industry, gold is produced predominantly as a commodity, namely as a universal commodity of the world market, as world money. This is the main significance of gold for the Soviet Union. This significance was fully preserved even after the single world market broke up into two parallel world markets. Firstly, because the presence of two markets by no means signifies the absence of any economic connection between them, i.e., commodity turnover. The Soviet Union consistently pursues a policy of peaceful cooperation and development of trade ties with all countries of the world and at international conferences makes business proposals aimed at expanding trade with capitalist countries. Secondly, gold retains its significance as world money on the world market of democratic countries: all settlements in this market are conducted on the basis of gold (the gold ruble). Along with commodity credits, the USSR also provides gold credits to the countries of the democratic camp.

Thus, gold is produced in the USSR as a commodity, as the universal equivalent of both world markets. The exchange of

gold for commodities is carried out, firstly, by prospecting artels, which receive Soviet money for the gold delivered to the state and acquire in this way in exchange for gold various commodities, mainly consumer goods, but also some means of production necessary for them to mine gold. Secondly, the exchange of gold for commodities is carried out on the world capitalist market: by planning gold mining and establishing settlement "prices" for gold produced by the gold industry, the Soviet state takes into account the actual relative value of gold in this market.

The absence of free exchange of monetary signs for gold also cannot serve as an argument against the proposition that gold performs the function of a measure of value. After all, there is no such exchange in the capitalist economy under paper-money circulation either, where nevertheless it is not paper slips, but precisely gold that performs the function of a measure of value.

The question of the influence of changes in the value of gold on prices in our society is of serious theoretical significance. Marx proved that under capitalism there is not and cannot be an invariable measure of value, because the value of gold itself is a variable magnitude. The socialist economic system, however, needs such a measure of value that would reflect as accurately as possible the systematic reduction in a planned manner of labor expenditures on the production of commodities and products as a result of the growth of public labor productivity. The advantages of the socialist economic system, which develops planfully, make it possible to neutralize the influence of changes in the value of gold due to changes in labor productivity in the gold mining industry on

the level of commodity prices. This is fully achievable under socialism for the following reasons. In the USSR, that spontaneous-market exchange of gold for commodities through which, under capitalism, a change in the value of gold affects the level of commodity prices is altogether absent. All mined gold, including that mined by prospecting artels, comes at the disposal of the state at a fixed price. Prices for commodities sold in the organized market are established by the Soviet state in a planned manner on the basis of the law of planned, proportional development and taking into account the operation of the law of value. These prices are expressed in the Soviet ruble, which has a fixed gold content. In view of these features of the production and realization of gold in the USSR and the features of price formation, it turns out to be possible to eliminate the influence of fluctuations in the value of gold on the cost of production and prices of commodities. In other words, the value of the gold ruble measure itself is taken in price planning as a given and invariable magnitude.

Under socialism, there is no need whatsoever to revise the level of prices for all commodities or, conversely, to revise the gold content of the ruble with every change in labor productivity in the gold mining industry. A change in the value of gold while maintaining an invariable level of commodity prices will change only the profitability of the gold mining industry, which each time can be regulated by the socialist state by ordinary financial methods (in some cases by changing budget subsidies, in others—deductions from profits). This is generally how things stand in practice.

Such a system of planned use of gold as a measure of value is possible only in the socialist national economy and represents one of its essential advantages. This manifests the restriction of the sphere of action of commodity production and the law of value by the dominance of public socialist ownership, the operations of the law of planned (proportional) development, and the entire economic policy of the socialist state.

Connected with the problem of gold as a measure of value is the question of so-called invariable prices. Until 1949, to calculate the "physical volume of output" in planning and accounting for the gross output of state industry, invariable prices of 1926/27 were used (output of cooperative industry was planned and accounted for in prices of 1932). These prices took shape directly on the basis of the functioning of gold as a measure of value, and in constructing these prices pre-war (before World War I) price lists for corresponding types of output were used. The prices of 1926/27 were "gold prices," i.e., they were expressed in the gold ruble of pre-revolutionary weight content. An essential shortcoming of this gauge was that the greater part of modern industrial output (means of production, as well as some types of consumer goods) was not produced at all in 1926/27, as a result of which it was necessary to artificially construct 1926/27 prices for all new products. The more the assortment of industrial output expanded at the expense of new types of products mastered by our industry, the more artificial the 1926/27 prices became. Therefore, in 1949, a transition was made to planning industrial output in operating (current) prices. And since prices have changed since 1949, to ensure comparability of indicators over

a number of years, price indices had to be calculated. The application of these indices in planning practice was intended to eliminate the influence of price changes when determining the dynamics of the "physical volume" of the social product, national income, etc. The "physical volume" cannot be calculated in natural expression: to calculate its dynamics, we must give a peculiar expression to the social product in money. This value expression is calculated by using money as a measure of value not according to the actual, but according to the conventional invariable value of all commodities and material assets (including the value of the measure of value itself—gold).

The index method turned out to be very complex. It was necessary to calculate the indices of each product, then weighted indices of product groups, and finally, a generalizing index of all industrial output. Besides, the specific weights of individual types of products change. The calculation of these indices thus encountered serious difficulties in practice.

In view of this, it was deemed expedient to calculate the dynamics of the volume of industrial output in real prices on a specific date, i.e., in new "invariable prices," where, instead of the outdated prices of 1926/27, prices operating on January 1, 1952 were adopted as the base for the period 1952–1955[258].

The rejection of "gold prices" of 1926/27 and the transition to prices of 1952 by no means signify a rejection of gold as a measure of value when planning the dynamics of industrial

[258] See B. Miroshnichenko, *Planning of Industrial Production*, Gospolitizdat, 1953, pp. 59–60.

output. Firstly, the prices of 1952 undoubtedly have a genetic connection with the prices of 1926/27, and the latter—with price lists of pre-war gold prices. Secondly, the Soviet ruble, in which the prices of 1952 are expressed, likewise has a definite gold content, although the gold weight of the 1952 ruble has changed compared to the 1926/27 ruble. Connected with this is only a change in the level of 1952 prices compared to 1926/27 prices, which has no significance whatsoever for resolving the fundamental theoretical question about the economic nature of the modern measure of value in the USSR.

Recognition of the operation of the law of value in the socialist economy also means recognition of the operation of the historically formed gold measure of value, although the functioning of the latter differs fundamentally from the functioning of the measure of value in the capitalist economy and has immeasurably greater advantages over it. While the currency of all capitalist countries as a result of continuous postwar inflation is depreciating more and more, the Soviet ruble stands firmly, has a firm gold content, and its purchasing power is steadily rising.

Denial of the significance of the gold content of Soviet money for their functioning as a measure of value means a denial that Soviet money is truly money, consequently, it represents a sliding down to the old, erroneous point of view of "calculating signs." Proponents of such views assert that the ruble in international turnover is a gold ruble, and in domestic turnover it is something completely different, not money in the proper sense. This is essentially a rejection of a single, monistic definition of Soviet money. Such a dualistic interpretation of

Soviet money is in contradiction both with historical facts and with the modern foundations of the organization of our monetary system and currency mechanism.

The Soviet ruble can fulfill its role as the currency basis of international turnover of the countries of the socialist camp only by having a firm gold content, only as a ruble not subject to devaluation perturbations.

And even before the government resolution of February 28, 1950 on transferring the exchange rate of the ruble to a gold basis, the Soviet ruble also had a gold content, which was established indirectly through the exchange rate relation of the Soviet currency to a foreign one having a definite gold content. Since 1936, the main exchange rate of the Soviet currency was established first in French francs, and from July 1937—in US dollars. The exchange rate of the ruble in dollars until March 1, 1950 was 5 rubles 30 kopecks per 1 dollar. And to the dollar, by the law of 1934, a definite gold content was assigned—0.88867 g of pure gold. Thus, the gold content of the ruble was a derivative magnitude of the exchange rate or parity of the Soviet currency in relation to foreign currency. The transfer of the calculation of the ruble exchange rate to a gold base from March 1, 1950 means that from this moment the gold content of the Soviet ruble is fixed directly in grams of gold, rather than being derived indirectly through the exchange rate relation to foreign currency. If previously the gold content of the ruble stemmed from the exchange rate of the Soviet currency in foreign currency, now, on the contrary, this exchange rate itself is determined, on the one hand, by the gold content of the ruble, and on the other—by the so-called "price of gold" in

foreign paper money, i.e., the value of foreign currency in gold. The gold content of the ruble from March 1, 1950 was established at 0.222168 g of pure gold, and on this basis the exchange rate of the Soviet currency in US dollars was established at 4 rubles per 1 dollar instead of the former 5 rubles 30 kopecks.

The resolution fixed generally the gold content of the ruble (0.222168 g of pure gold), and not only for international settlements, and fixed the official purchase price for gold operating inside the country (4 rubles 45 kopecks per 1 g of pure gold).

The planned determination of commodity prices in Soviet rubles means nothing other than the expression of their value in gold. It is precisely the connection of Soviet money with gold that enables them to perform the function of a measure of value. This connection, as follows from what has been set forth, is expressed: a) in the historical continuity of modern prices in relation to former prices established in the gold Soviet ruble put into circulation by the monetary reform of 1922–1924; b) in the fixation by the law of 1950 of the gold content of the ruble, directly reflecting the value of the Soviet ruble, as well as the internal purchase price of gold; c) in the securing of Soviet bank notes with gold, in the production of gold and the accumulation of gold as a centralized state treasure of the reserve fund of world money.

Although the question of gold is very complex (in connection with which much space is devoted to it in this article), nevertheless it would be erroneous to regard it as the central problem of the theory of Soviet money. The question of

monetary material is by no means the main, principal one for the theory of Soviet money. The nature, essence of money in general consists not in the features of the use value of that commodity which functions as a universal equivalent, but in those social production relations that they express, consequently, in the character of labor expressed by money, and those social functions that they perform. It is precisely these questions that are the main problems of the theory of money.

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The functioning of money as a universal equivalent, as a combination of the measure of value and the means of circulation is inextricably connected with the operation of the law of value in a socialist society. The law of value would not be an objective economic law if it did not operate at all as a regulator. And in a socialist society it operates as a regulator, but only in the sphere of commodity and monetary circulation, and even then only within certain limits. These operations of the law of value must be taken into account, however, in the sphere of production as well.

To the greatest extent, the regulatory role of the law of value in the sphere of commodity and monetary circulation manifests itself on the unorganized collective farm market. It is known that collective farms and collective farmers, after fulfilling their obligations to the state, can sell their commodities on the collective farm market at prices taking shape on it. On the collective farm market, price fluctuations take place depending on the ratio of demand and supply by commodity groups and for each commodity separately. Relying on the law of planned

(proportional) development, the Soviet state, which possesses a huge mass of commodities and establishes firm selling prices for them, has the opportunity to exert an indirect influence on the movement of prices on the collective farm market, in particular on the ratio of demand and supply of commodities in this market. Thus, the regulatory action of the law of value on the collective farm market is also restricted, placed within definite frameworks. This is clearly manifested in the fact that the price reduction policy pursued by the Soviet state also extends to the sphere of collective-farm-bazaar trade.

Of paramount fundamental importance is the circumstance that the scale of price reductions on the collective farm market is pre-calculated by the state. This shows that, firstly, the Soviet state knowingly takes into account in its planned calculations and uses the operation of the law of value and that, secondly, this law plays not an independent, but a subordinate role in socialist society in relation to the basic economic law of socialism and the law of planned (proportional) development.

With even greater restrictions, the law of value operates as a regulator in the sphere of state and cooperative retail commodity turnover, i.e., in the organized market, where the greater part of the entire commodity and monetary mass circulates. When planning prices for commodities, the state reckons with the law of value, takes into account the level of value of commodities. However, prices do not coincide and must not coincide with value. Soviet price policy uses the deviation of prices from value as an important lever of economic policy, as an instrument of active influence on production, circulation, and consumption of various

commodities in accordance with the requirements of the basic economic law of socialism and the law of planned (proportional) development of the national economy. There is an interaction between price and demand: if demand affects prices, then, on the other hand, price policy itself is a factor actively influencing the volume and structure of consumer demand. Soviet price policy relies on socialist production, which gives into the hands of the state continuously growing commodity masses in the most diverse assortment.

State planning bodies take into account the needs of society in consumer items not directly, but indirectly, through the market, through the actions of the law of value as a regulator, within known limits, in the sphere of commodity and monetary circulation. When planning the production of commodities, the demand for them and the course of their realization in the sphere of the organized market are taken into account, and market conjuncture on the unorganized market is also taken into account. In this connection, it is forbidden, for example, to overfulfill the plan at the expense of unsalable output.

Ignoring the operations of the law of value as a regulator, within known limits, in the sphere of commodity circulation led to the fact that after the end of the Great Patriotic War, a number of our enterprises of local state industry and producers' cooperatives producing poor-quality commodities found themselves in a very difficult position. During the war and immediately after its end, when commodities were lacking, the population also bought low-quality commodities. When the production of high-quality consumer goods sharply increased, the population stopped buying substandard commodities, as

well as commodities of obsolete models, as a result of which a number of artels and enterprises became "oversaturated" with unsalable commodities. This forced artels and enterprises of local industry to quickly reorganize, replacing unsalable commodities unneeded by the buyer with commodities of the necessary quality and lowering production costs and prices.

The cited example is a clear illustration of the impact of the law of value through the sphere of commodity and monetary circulation also on the production of commodities. Such an impact of the law of value on production exerts a positive influence at present on the development of the socialist national economy, because it not only does not run counter to the requirements of the basic economic law of socialism, but, on the contrary, is in full accordance with them.

The operation of the law of value as a regulator, within known limits, in the sphere of commodity circulation is indirectly taken into account, although within very limited frameworks, also in planning the production of means of production, since the first subdivision of social production produces instruments of labor for light and food industry, which produce mass consumer goods for the organized market. On the assortment of produced commodities depends also the demand for means of production (instruments of production and raw materials) which the second subdivision of social production presents to the first subdivision.

A special sphere of commodity and monetary circulation is the state's purchase of grain, livestock products, and agricultural technical raw materials from collective farms. Here there are essential signs of commodity and monetary circulation. At the

same time, this sphere of commodity circulation differs significantly from the sphere of commodity circulation on the collective farm market, since the volume of deliveries and prices here are strictly planned by the state, and the deliveries themselves are either obligatory (have the force of a tax—state deliveries) or are predetermined by contract between the state and collective farms (contractation). Thus, in relation to agricultural raw materials, the law of value cannot play a regulatory role, although it is one of the factors of price formation.

All this predetermines the peculiarity of the commodity form of labor products in the sphere of production and circulation of agricultural raw materials, but this peculiarity does not give grounds to ignore or deny the commodity form here altogether. This would moreover be in direct contradiction with the practice of planning monetary circulation, since payment for agricultural procurements and the disbursement of money from current accounts of collective farms is one of the important channels of monetary circulation in the USSR, playing an essential role in the system of planning monetary circulation.

Touching upon other functions of Soviet money, it is necessary first of all to point out that the distribution of the consumed part of the national income among members of socialist society must necessarily take place through the mediation of the use of the monetary form, since consumer products necessary to cover labor power expenditures in the production process are commodities with us. Consequently, from the presence of commodity production and commodity circulation, from the functions of money as a planned measure of value and means

of circulation of commodities, it stems that money must serve as an instrument for implementing the socialist principle of distribution according to work (wages).

It would be incorrect to refer this function of money, by analogy with capitalist society, to the function of a means of payment. In a capitalist society, labor power is a commodity. The worker actually credits the capitalist, since his commodity —labor power—is paid for after it has been consumed in the production process. In this sense, for the capitalist, the payment for labor power does not differ from the payment for raw materials, fuel, machines, etc., received by him on credit. The payment of wages has a fundamentally different economic content in a socialist society, where labor power is not a commodity, where the working class itself owns the means of production. The direct goal of socialist production is the maximum satisfaction of the constantly growing needs of all members of society. The payment of wages represents a necessary form of implementing the socialist principle of distribution according to work. Here we are dealing with a specific and very important function of money in a socialist society. Therefore, because of the purely formal moment of payment by enterprises of accrued wages as a "financial obligation," one cannot unite in a single concept such processes, different in their character and significance, as the payment of wages, payment of loans and interest, payment of taxes, payment of fines, etc. Therefore, we believe that the third function of Soviet money should be defined as an instrument of labor payment or as a means of distributing the personal consumption fund (the consumed part of the national

income) among members of socialist society. One should not dissolve this most important function of money in socialist society into the purely formal in this case concept of "means of payment."

By accruing and then paying wages, the share of each worker and employee in the personal consumption fund is determined. This share is expressed, on the one hand, in the amount of wages received and, on the other hand, in the state-established prices for commodities of the organized market, as well as in the prices of the unorganized (collective farm) market formed under the influence of the state. After each worker and employee has received a "certificate" for his share in the national income in the form of a definite amount of monetary income, the process of realization of this share begins through the purchase for money of commodities satisfying the diverse tastes and needs of the working people. This is the process of commodity circulation. In this process, money functions as a means of circulation (purchasing means). Thus, distribution according to work is carried out through three functions of money: the measure of value (accrual of wages), the instrument of labor payment (payment of wages), and the means of circulation (purchase of commodities). Consequently, practically, from the viewpoint of the real circulation of money in a socialist society[259], the function of money as an instrument of labor payment precedes their function as a means of circulation, as well as the functions of a means of payment (this

[259] Within the framework of this article, it is impossible to give a detailed analysis of the specific functions of money. We restrict ourselves here only to the most general methodological formulation of this problem, expressing our point of view on this matter.

function services the sphere of credit-financial relations) and an instrument of labor savings. First, wages must be paid, and only then can the process of money circulation in the sphere of commodity turnover take place, as well as the processes of redistribution of primary incomes of the working people through the functions of a means of payment and an instrument of labor savings. Nevertheless, in theory we must proceed first of all from the functions of money as a measure of value and a means of circulation, for it is precisely in these functions that the necessity of money as a form mediating the exchange of labor products produced in the two sectors of socialist production is first revealed, and their content as a universal equivalent is revealed.

Paying wages, the Soviet state in monetary form accounts for and plans another part of national income forming the net income of socialist enterprises, as well as the entire social product as a whole and its movement. Money in this case, as well as when accounting for costs and production results at each enterprise, is used by the state for the planned organization of actual socialist accumulation at each individual enterprise and throughout the entire national economy. Actual socialist accumulation is expanded reproduction, which is serviced in fact not by any one, but by all concrete functions of money. Actual accumulation, that is, capital investments in the national economy and generally the expansion of the scales of socialist production, is planned in monetary expression; consequently, here money functions primarily as a measure of value. Actual accumulation is connected with the expansion of commodity production and commodity circulation,

consequently, with the functioning of money as a measure of value and as a means of circulation. In the process of actual socialist accumulation, an important role is played by the socialist principle of distribution according to work, consequently, by the function of money as an instrument of labor payment. As for the accumulation of real money, such accumulation is by no means actual socialist accumulation and according to Soviet laws is altogether excluded for state enterprises and must not take place in collective farms either on the basis of the Charter of the agricultural artel. Consequently, we can speak only of the concentration of monetary funds on the settlement accounts of enterprises in the bank. These "monetary funds" actually represent monetary obligations transferred from account to account. The diverse role of money in the process of actual socialist accumulation can under no circumstances be reduced to the accumulation of these monetary funds on settlement accounts. The accumulation of money on settlement accounts is closely connected with economic accounting and inter-enterprise settlements, which will be discussed below.

Only working people can endlessly accumulate real money as their labor savings and transfer them to the state through the credit system. Monetary accumulations of a long-term order in credit form can be held by collective farms and cooperative enterprises (long-term crediting fund). Therefore, it is necessary to more precisely limit the sphere of action of the function of money as an instrument of accumulation in a socialist society.

Consequently, the function of money as an instrument of accumulation has a strictly limited sphere of action in the socialist national economy; such a broad content is usually put into the concept of this function that it absorbs all other concrete functions of money and therefore becomes featureless.

Above we said that in the sphere of movement of means of production—instruments of labor, raw materials of industrial origin, fuel, semi-finished products—money acts purely outwardly, purely formally as a purchasing and payment means, essentially not performing these functions. Monetary settlements between state enterprises—cashless money transfers on bank accounts (and in a very small share cash settlements)—formally mediate the process of planned distribution of material assets. Such settlements at the present stage of development of our society are a mandatory condition for the real movement of material assets between branches and enterprises. Both the calculation (calculation of cost) of the value of means of production in monetary form and the transfer of this value from the accounts of some state enterprises to the accounts of other state enterprises are merely a method or form of organizing nationwide control over the production and distribution of material assets.

Such use of money in this sphere in accordance with the requirements of the basic economic law of socialism and the law of planned (proportional) development is of very important significance at present. Shortcomings in this area exert a negative influence on the production process. The state, for the purpose of accounting for the movement of output and control over the fulfillment of plans by each enterprise, demands that

means of production—any types of instruments of production and raw materials coming to enterprises or construction sites—be "paid for" within strictly established periods. This means that the release of output beyond the limits of the enterprise in each specific case must be drawn up with documents by which the bank carries out monetary settlements through the transfer of funds on settlement accounts or through the mutual compensation of payment claims, for example, through Bureaus of Mutual Settlements. Only when an enterprise withdraws monetary funds from its account for the payment of wages do real money act in the function of an instrument of labor payment. In settlements between enterprises made through the bank, money functions not as real, but as ideal money.

Does not this purely ideal (in this sense conditional), purely external form of monetary payment mean that such economic operations are an empty formality, an unnecessary expenditure of accounting labor, devoid of economic meaning in our conditions?

By no means; this purely external form of monetary payment has a definite economic meaning here: it plays a positive role in the socialist economy. The demand for "payment" by money means that the enterprise must have monetary funds at its disposal in order to receive those materials and instruments of production intended for it according to the plan. If there are no monetary funds on the account, then this will mean that the given enterprise either failed to fulfill state obligations, or failed to fulfill the plan for the output of "marketable output," or violated the plan for product cost of production (i.e., has

over-plan costs) and therefore did not accumulate the necessary monetary funds, or is "oversaturated," i.e., has excess, above-norm reserves of raw materials, fuel, or finished output, etc. For one of these reasons or their aggregate, our enterprises can sometimes find themselves in a difficult financial situation fraught with serious consequences. This disciplines our enterprise managers, forces them to avoid violations of plan-financial discipline, and having permitted violations, to take measures for their prompt liquidation.

Monetary settlements are necessary under the conditions of the khozraschet (economic accounting) organization of state socialist enterprises. Khozraschet enterprises possess economic independence within certain limits, a definite sum of fixed and working assets is assigned to them, which receive the conventional designation of own assets (although in reality there is no special owner here), they have an independent balance sheet, and cover their expenses with revenues from the realization of output and provision of services. And from this stems the necessity for state enterprises and economic bodies to have monetary funds on a settlement account in the bank in order to conduct settlements with each other for supplies of material assets and provision of services.

This is a special sphere of functioning of Soviet money, since money here is used only within the framework of the state production sector and by no means expresses relations between different owners. Therefore, it is inexpedient to use in this case the designation of those functions (instrument of circulation, means of payment, hoard, or instrument of accumulation) that Marx used in *Capital*. As it seems to us, in this case one should

simply speak of the function of Soviet money as an instrument of inter-enterprise settlements of socialist (state) enterprises.

The function of the instrument of inter-enterprise settlements relates to the formal side of the organization of social production, its significance lies exclusively in using money most effectively as a form of nationwide accounting and control over the production and distribution of material goods and all-round stimulation of actual socialist accumulation. Consequently, this formal side of the matter and the corresponding functioning of money have a very serious organizational-economic significance.

Thus, Soviet money, being a universal equivalent in the sphere of the commodity world, precisely for this reason is successfully used by the Soviet state throughout the entire national economy as a universal instrument of accounting, planning, and control over production and the distribution of products in accordance with the requirements of the basic economic law of socialism and the law of planned (proportional) development of the national economy.

As long as a single, all-embracing world market existed, as long as the Soviet Union was the sole socialist state, a single, historically formed system of international settlements in this market also existed. With the breakup of the single world market and the formation of the second, parallel world market of democratic countries freed from imperialist bondage, the single system of international settlements that existed prior to this also broke up. Along with the system of monetary settlements between capitalist countries, as well as between them and the countries of the democratic camp, a new system

of settlements for international commodity exchange carried out in a planned-contractual order between the countries of the democratic camp arose. As this settlement system developed and strengthened, the necessity of creating an independent and solid currency basis for it became more and more urgent. It is quite natural that as such a basis, after the transfer of the ruble exchange rate to a gold basis, the Soviet currency was adopted by all countries of the democratic camp. Thereby the Soviet ruble as a representative of a definite quantity of gold began to perform a new function—an instrument of international settlements of the countries of the democratic camp. In rubles, not only are prices calculated and contracts concluded, but clearing settlements between countries of the democratic camp are also performed on foreign accounts of the USSR State Bank. These settlements are made for mutual deliveries in accordance with long-term commodity turnover agreements based on the national economic plans of the countries of the democratic camp.

Consequently, both commodity turnover and settlements here express a system of planned economic cooperation of the countries of the democratic camp. In this lies the root, fundamental difference between international settlements in the democratic camp and settlements in the capitalist camp.

Where there is money and monetary circulation, the law of the quantity and value of money cannot but operate. The operation in a socialist society in a definite sphere of the law of value means at the same time the operation of the law of the quantity and value of money, for the latter is nothing other than the

development and application of the law of value to money and monetary circulation.

The quantity of money in the channels of circulation of the organized market must be sufficient to fully ensure the realization of commodity masses at state-established prices. At the same time, it must not exceed this requirement of circulation. The quantity of money necessary to service commodity turnover as a whole is determined by the size of the entire retail commodity turnover (including the collective farm market), expressed as the sum of commodity prices. Each ruble makes a number of turnovers: money spent on the purchase of commodities returns again to the bank's cash desks, then is paid out again in the form of wages, then again returns to the bank's cash desks, etc. The higher the velocity of money circulation, the larger the mass of commodities that can be realized by a given quantity of money. The quantity of money necessary for commodity circulation is inversely proportional to the velocity of their circulation. It is determined by the sum of commodity prices divided by the velocity of money circulation. Marx pointed out that "this law has universal significance." Since commodity and monetary circulation exist in the socialist economy, this law is valid in a socialist society as well.

The reasons for changes in the quantity of money necessary for circulation cannot be revealed solely by an analysis of monetary circulation itself. It is necessary to ascertain what influence changes in the method of production, in the division of labor, in relations between town and country, etc., exert on the structure and character of commodity turnover, upon which depends the change of various factors determining the quantity

of money and the velocity of money circulation. Applied to the socialist economy, the planning of monetary circulation requires the constant observance and planned maintenance of a definite proportionality between the circulating commodity mass, the price level, and the quantity of money put into circulation. Correct planning of the necessary increase or reduction of the monetary mass is of very important significance, since the emergence of disproportions between the commodity and monetary mass can adversely affect the stability of the currency. That is why one of the most important tasks of planning monetary circulation is the prevention of the indicated disproportions. In this monetary circulation... economic law of planned proportional... development of the national economy, on the one hand, and the law of the quantity...

With the question of the quantity of money necessary for circulation, of its purchasing power, is closely connected the question of ensuring the stability of Soviet money. As is known, the stability of the Soviet currency is ensured not only by the gold reserve, but above all by the huge mass of commodities put into commodity turnover at stable prices. Such backing, taking place only in the USSR and the countries of people's democracy, is immeasurably more reliable than any gold reserve, which is the sole backing of capitalist currencies.

The backing of Soviet money is often interpreted broadly, believing that all material assets in economic turnover, and even fixed assets of operating and newly created enterprises, are the backing of the Soviet currency. It is indisputable that the continuous growth and improvement of all branches of

production on the basis of higher technology contribute to the growth of the backing of Soviet money. In this sense, the increase in the mass of means of production functioning in our national economy, of course, contributes to the growth of the backing of the Soviet currency, because it allows selling commodities (consumer goods) to the working masses for money on an ever larger scale and at an ever lower cost (prices). However, since means of production are not commodities, it would be incorrect to view them as direct backing for the stability of the Soviet currency. The stability of the Soviet currency is ensured by the huge quantity precisely of commodity masses put into the channels of retail commodity turnover, and not by material assets in general. One can freely buy only consumer goods for money, and not means of production, and therefore only commodities—consumer goods—are the direct backing of the stability of the Soviet currency.

The tasks of ensuring the stability and raising the level of value of the Soviet currency require corresponding planning of monetary circulation.

The system of planning monetary circulation created for the first time in the USSR is a model for all countries of people's democracy. This system, tested by many years of experience—both in peaceful and in wartime conditions—is based on the scientific cognition and use of objective economic laws in general and, in particular, the law of the quantity of money necessary for circulation and their value. The necessity of taking into account the requirements of the law of the quantity and value of money is dictated, ultimately, by the requirements of the basic economic law of socialism. In order to ensure the

continuous growth and improvement of socialist production on the basis of higher technology and the maximum satisfaction on this basis of the constantly growing needs of all society, a stable currency must be maintained. A stable currency is necessary for the correct planning of the national economy, for control by the ruble over the course of plan fulfillment both in terms of output volume and in terms of cost of production, for implementing the policy of reducing prices for mass consumer goods.

The Soviet policy of a steady price reduction plays a large role in the development of the socialist economy, in raising the material and cultural level of the working masses. The strength of the economic policy of our state and, in particular, monetary policy and price policy lies, among other things, in the fact that it is based on a deep cognition of objective economic laws, including the laws of monetary circulation. The task of Soviet economic science is to develop and deepen knowledge of these laws in every possible way, to help practitioners apply these laws with full knowledge of the matter in the interests of building communism.

Questions of Economics, No.7, 1953.

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SOME ISSUES REGARDING THE STRUCTURE OF COMMODITY TURNOVER OF SOVIET TRADE

Soviet trade is a form of commodity circulation under socialism, the sphere of which is limited mainly to articles of personal consumption. It participates as an intermediary link in completing the process of distribution according to work. Through Soviet trade, the conversion of the monetary incomes of workers, employees, and peasants into consumer goods takes place.

In contrast to capitalist society, where the entire process of production and circulation is subordinated to the goal of extracting maximum capitalist profit, in socialist society the task of trade consists in rendering all-out assistance in raising the level of popular consumption and satisfying the constantly growing needs of the entire people. Soviet trade develops in a planned manner and rests upon crisis-free, continuously growing socialist production and the steadily rising purchasing power of the population. It develops in a society where there is no parasitic consumption, where prices are systematically lowered, the assortment is enriched, and the quality of goods is improved.

By virtue of these fundamental features of Soviet trade, the growth and structural changes of its turnover reflect the process of ensuring the satisfaction of the constantly growing material

and cultural needs of all members of society. The volume and structure of commodity turnover under socialism are one of the most important economic indicators of the achieved level of popular consumption. The operations of the basic economic law of socialism are clearly manifested in the changes in the structure of commodity turnover.

Over the period from 1928 to 1940, industrial production in the USSR increased by almost 8.2 times. From 1940 to 1952, the level of industrial production increased by almost 2.3 times. The volume of agricultural production also increased in significant dimensions. The growth of production served as the basis for the steady expansion of trade in mass consumption goods. From 1928 to 1940, retail commodity turnover, in comparable prices, increased by 4.6 times. In the post-war period, commodity turnover increased by 2.9 times and far exceeded the pre-war level.

Such a growth of commodity turnover is possible only in a socialist society.

In capitalist countries, the development of commodity turnover is of a cyclical character. Thus, during the years of the economic crisis (1929–1933), retail commodity turnover in the USA, Britain, and other capitalist countries shrank by almost half and right up to the Second World War could not reach the level of 1929, although in connection with the militarization of the national economy of these countries, the volume of production in them was almost restored.

The Soviet State not only cares about the growth of the volume of commodity turnover, but also devotes enormous attention to the structure of commodity turnover.

In the capitalist economy, the goods assortment takes shape spontaneously. In a socialist society, the assortment of goods is envisaged by the state plan, reflecting the requirements of the law of planned development of the national economy. In the USSR, the structure of commodity turnover, responding to the constantly growing needs of the people, takes shape as a result of the steady and planned development of the entire socialist national economy and the increase in the purchasing power of the population through the systematic reduction of prices on goods and a direct increase in wages. Thanks to the victory of socialism in the USSR, new proportions between branches producing means of production and means of consumption have taken shape in a planned manner. On this basis, the Soviet State determines such a production structure of the national economy as ensures the output of products of the necessary assortment and quality in quantities required for the maximum possible satisfaction of the needs of the entire society. Planning bodies of socialist society, when forming the assortment of goods, proceed both from new production possibilities and from growing consumer demand. At the same time, socialist industry solves the task not only of producing those goods that satisfy the demand of the population, but also of producing new types of goods and thereby contributes to the development of consumers' tastes and the raising of their demands.

Great attention is paid to the quality of goods. The improvement of the quality of goods is achieved through

improving the quality of consumed raw materials, the conditions of their technical processing, and the conditions of circulation of the finished product. The quality of goods exerts an exceptionally large influence on the level of popular consumption.

A most important role in the formation of the structure of commodity turnover in the USSR is played by the state price policy. By means of planning the price system and their consecutive reduction, the Soviet State creates conditions for expanding the consumption of the most important products. To these ends, the state achieves the systematic reduction of the production cost of all produced output, which ultimately leads to the cheapening of basic foodstuffs and manufactured goods of prime necessity. Naturally, the price reduction policy affects consumer demand and, consequently, the structure of commodity turnover.

That the significance of the price level in the formation of the structure of commodity turnover is so great is evidenced by those qualitative shifts that have occurred in commodity turnover in the post-war years under the influence of the systematic reduction of prices on industrial and food goods.

The analysis of the structure of commodity turnover is very complex, since the commodity mass realized through Soviet trade encompasses many hundreds and thousands of the most diverse goods. But the entire mass of goods realized through trade breaks down by character of purpose into two large groups: food goods and industrial goods. Therefore, it is most expedient to analyze the structure of commodity turnover by

considering separately the structure of turnover for food and industrial goods.

The Soviet State constantly cares about ensuring optimal nutrition norms for all strata of the population. Back in the years of the second five-year plan, as a result of the colossal growth of social production, the nutrition of the people was radically improved, which found its expression not only in the increase in retail turnover of food goods, but also in the change in the structure of commodity turnover, in the qualitative growth of consumption. The consumption of food products increased in 1937 on average compared to 1932[260]: wheat bread — by 3.7 times, sausage products — by 1.77 times, pork — by 3.85 times, butter — by 3.02 times, eggs — by 2.08 times, fruit and berries — by 3.16 times, etc. 1.

The specific weight of valuable foodstuffs increased. The consumption of valuable foodstuffs increased still more during the years of the third five-year plan. The total volume of retail commodity turnover increased from 1935 to 1940 by more than 2.2 times.

Major successes in raising the level of nutrition of the people were achieved by our country in the post-war years. The physical volume of popular consumption by the end of the first post-war five-year plan exceeded the pre-war level by more than 1.5 times.

While production and consumption of foodstuffs are growing rapidly in the Soviet Union, civilian production is contracting

[260] See "Economics and Planning of Soviet Trade" (*Ekonomika i planirovaniye sovetskoy torgovli*), Gostorgizdat, 1939, p. 264.

in capitalist countries, and the poverty and malnutrition of the masses are intensifying. In the post-war years, the per capita consumption of high-calorie foodstuffs dropped sharply in all capitalist countries.

In the USA from 1946 to 1950, the per capita consumption of butter, for example, even according to official data, amounted to 63% of the pre-war level. In Britain in 1952, the per capita consumption of butter amounted to 46% of the pre-war level, sugar — 80%, meat — 69%. Such are the consequences of the operation of the basic economic law of modern capitalism — the law of ensuring maximum capitalist profit.

An important component part of rational nutrition in our country is bread and bakery products. The rapid growth of grain production and the resolution of the grain problem on this basis made it possible to ensure low prices for grain products and thereby create conditions for the full satisfaction of the population's needs for these products. The growth and improvement of the structure of consumption of grain products in the post-war years were facilitated by the systematic reduction of retail prices for mass consumption goods. From December 1947 to April 1952, retail prices for bread and bakery products, flour, groats, and macaroni dropped by 2.5 times. In 1953, they were reduced again. For the sum for which 1 kg of bread was bought at the end of 1947, one can now buy 2 kg 850 g. The trade in bread is widely deployed everywhere. The specific weight of bread and bakery products in commodity turnover is significant, yet it has a tendency to decrease in connection with price reductions due to an increase in the population's consumption of other products.

The trade in meat and meat products is also widely deployed. The value of these products for human nutrition is determined by the high content of animal proteins and fats in them.

Centralized market funds of meat in 1952 increased by 2.3 times compared to 1948. In 1950, in state and cooperative trade, not counting sales at the expense of local resources, meat and meat products were sold 38% more than in 1940. In 1952, the sale of meat increased by 45% compared to 1950. In the post-war years, retail prices for meat and meat products steadily declined. At present, one can buy 2 kg 800 g of meat for the money for which only 1 kg was acquired at the end of 1947.

Fish and fish products are of no small importance in the consumption of the population. Fats, protein, and mineral substances contained in fish represent one of the most valuable parts of the physiological nutrition ration.

The fish catch in 1952 increased by almost 70% against 1940. In 1950, in state and cooperative trade, not counting sales at the expense of local resources, fish products were sold 51% more than in pre-war 1940. Over 1951–1952, the sale of fish products increased by another 29%.

Fats play an important role in human nutrition. In our country, the production of fats is steadily growing. Thus, in 1951, butter production increased compared to 1940 by 132 thousand tons, not counting a significant amount of home-produced butter. The sale of fats to the population is growing rapidly. In state and cooperative trade alone, without taking into account the sale of goods at the expense of local resources, there was sold

in 1950 more than in 1940: butter by 59%, vegetable oil and other fats by 67%. In 1952, the population received through the state and cooperative network butter, vegetable oil, and other food fats 31% more than in 1950. The increase in fat consumption and the improvement of the structure of their consumption were facilitated by price reductions on fats. Thus, prices for margarine in 1953 are lower than on December 16, 1947, by 55.3%, and prices for vegetable oil by 35.2%. Now one can acquire more than 3 kg of butter for the sum of money for which 1 kg was bought in 1947.

However, despite the large increase in the post-war years in the production and sale to the population of meat, fish, and butter, consumer demand for these products is not yet fully satisfied, since it is growing faster than their production. The satisfaction of the population's demand for these products depends on further successes in animal husbandry and fishing, as well as on improving the conditions of storage, delivery, and sale of meat, butter, and fish to the population.

Milk, dairy products, and eggs occupy a significant place in commodity turnover and consumption. Milk and eggs as food products are irreplaceable in the nutrition ration due to the presence in them of fats, proteins, carbohydrates, mineral substances, and vitamins easily assimilated by the organism. The sale of milk and eggs to the population in our country is also growing rapidly. Prices for these products are decreasing in significant dimensions. Prices in 1953 compared to prices on December 16, 1947, dropped: for eggs by 41.5%, for milk by 27.1%.

Sugar and confectionery products play a major role in the structure of commodity turnover and in consumption. In our country, the production of these products and their sale to the population are steadily growing. Thus, in 1952, sugar production exceeded the pre-war level by more than 50%. In 1950, there were sold in the state and cooperative network (not counting sales at the expense of local resources): sugar — 33% more than in 1940, confectionery products — 34%. In 1952, the population acquired sugar 63% and confectionery products 34.5% more than in 1950. The growth of consumption of sugar and confectionery products was facilitated by a large price reduction on these goods. Now one can acquire 2 kg 270 g of sugar for the sum for which 1 kg of sugar could be acquired at the end of 1947.

The significance of fruit, vegetables, and potatoes in the nutrition ration cannot be determined by their specific weight in commodity turnover. In view of low prices for vegetables, fruit, and potatoes, their specific weight (in value) in commodity turnover is small. But on the other hand, the role of these products in human nutrition is great. In our country, great attention is paid to the production of vegetables, potatoes, and fruit. Fruit and vegetable trade is continuously expanding.

At the same time, it should be noted that consumer demand for vegetables and especially fruit is so far satisfied far from fully. The biggest shortcoming in supplying the population with these groups of goods is interruptions in trade in them and sharp seasonal fluctuations. The Party and the Government are currently taking all measures to ensure the rapid development

of vegetable growing and gardening in all regions of the country.

The structure of commodity turnover under socialism is continuously improving. Particularly large changes in the structure of commodity turnover occurred in the post-war period, first of all in connection with the increase in production and sale of the most important foodstuffs. This is confirmed, for example, by changes in the consumption of bread and bakery products after the reduction on March 1, 1950, of retail prices for bread on average by 25–30%. Such a sharp reduction in retail prices did not cause any significant increase in demand for bread: in March 1950, on average per day all sorts of bread sold were only 2% more than in February. The population used the savings obtained by them from price reductions on bread to increase the consumption of wheat bread and high-grade bakery products, as well as to purchase other goods. The population's consumption of rye bread contracted. Thus, before the Great Patriotic War, wheat bread constituted 50% of the total amount of bread bought by the inhabitants of Moscow; by 1952 this percentage rose to 70.

We have at our disposal data on the structure of commodity turnover of state and cooperative trade in Rostov Region (including the city of Rostov-on-Don). In 1952, the sale of food goods to the population of Rostov Region increased significantly compared to 1948. The volume of commodity turnover, in comparable prices, increased for all foodstuffs without exception. But this growth for individual types of goods was not uniform. The volume of sale of such products as bread and bakery products, flour, groats and legumes, macaroni

products, salt, tea, soft drinks increased in smaller dimensions than turnover for food goods as a whole. As a result, the specific weight of these products in the total turnover of food goods in 1952 declined compared to 1947 by almost 1/3. In the largest dimensions, the volume of commodity turnover increased for such products as sugar, confectionery products, meat and meat products, fish and fish products, milk and dairy products, canned goods, eggs, produce, fruit, and melon crops. The specific weight of all these products in commodity turnover was much higher in 1952 than in 1948. Thus, for canned goods, eggs, milk and dairy products, sugar, and confectionery products, it increased by 1.5–2 times.

The specific weight of such important products as meat and meat products, fish and fish products, fats, grape wine, beer increased substantially in the turnover of food goods.

Data on the increase in the sale of individual types of products to the population of Rostov Region also testify to the qualitative change in commodity turnover. Thus, the sale of sausage products in 1952 increased compared to 1948 by approximately 2 times, meat canned goods — by more than 3 times. The sale of fish products over the same period increased by approximately 1.5 times, including fish canned goods — by more than 6 times. The sale of sugar and confectionery products increased by almost 2 times. The sale of vegetable oil more than doubled.

Public catering is an important link of the national economy. A radical improvement in supplying workers and employees with food products is impossible without deploying a wide network of public catering enterprises. Back in the years of the first

five-year plans, the Soviet State organized a wide network of public catering enterprises of open type and special designation (medical-sanatorium, children's milk kitchens, etc.). Before the Patriotic War, there were 85.7 thousand public catering enterprises in the USSR. In the post-war years, the number of these enterprises increased significantly. Along with this, the commodity turnover of public catering grew.

State and cooperative retail trade and public catering are the main source of food supply for the urban population. But along with this, collective-farm-bazaar trade exerts a major influence on the structure of commodity turnover and consumption. Collective farm trade is a substantial additional source of supplying the population with meat, milk, eggs, fats, vegetables, fruit, potatoes. The share of collective farm trade in the sale of these products, especially in the turnover of potatoes, meat, milk, and dairy products, is significant.

Unlike state and cooperative trade, in which there is a regular receipt of products throughout the entire year, the turnover of collective farm trade is subject to seasonal fluctuations. Besides, the role of collective farm trade in the formation of the structure of commodity turnover depends on the state and character of agricultural production in one or another region of the country. Thus, in regions with highly developed dairy cattle breeding (for example, in Vologda and others), milk deliveries to the collective farm market reach very large dimensions. In Rostov Region, where the production of oilseeds has achieved the greatest development, the delivery of vegetable oil is significant.

The structure of commodity turnover of all forms of Soviet trade reflects the more or less full consumption structure of only the urban population. The rural population receives the greater part of basic foodstuffs directly from collective farm and personal homestead farming. Therefore, in urban trade many food goods (for example, meat products, milk and dairy products, potatoes, vegetables, groats and legumes) have a higher specific weight than in rural trade.

At the same time, the rural population's consumption of food goods of industrial production is growing. In 1952, the collective farm peasantry acquired through consumer cooperation — the main trade system in the countryside — vegetable oil 3.5 times more than in 1948, sugar and confectionery products — 2.8 times. In the retail commodity turnover of consumer cooperation, the specific weight of sugar, confectionery products, and vegetable oil increased significantly.

The dynamics of sales growth and on this basis the changes in the structure of turnover of food goods vividly testify to the fact that in our country the material well-being of the people grows from year to year, and the level of popular consumption steadily rises. These changes make it possible to understand and explain wherein consist the constant growth of the material needs of the Soviet people and their satisfaction on an ever-increasing scale. Before us is not a simple increase in the volume of needs, but above all their qualitative growth.

Industrial goods occupy a paramount place in state and cooperative trade. The entire population of the country — urban and rural — basically satisfies its needs for consumer

goods of industrial origin through the mediation of trade. Therefore, the volume and structure of commodity turnover for industrial goods comprehensively reflect the achieved level of popular consumption of industrial goods both in the city and in the countryside.

As the material well-being and cultural level of the people rise, serious changes occur in their needs and tastes. The growth of the people's well-being, which has at its basis the development and improvement of all socialist production, in turn exerts a substantial influence on the structure of production of consumer goods. Therefore, the growth of commodity turnover and consumption of industrial goods is accompanied by significant structural changes.

Let us examine the structural shifts in the turnover of industrial goods.

Articles of clothing and footwear, both by their role in satisfying people's needs and by their specific weight in the turnover of industrial goods, occupy the main place. They constituted in 1951 somewhat less than 1/3 of the entire turnover of industrial goods and 13.2% of the retail turnover of the trade network of state and cooperative trade, and their specific weight in retail commodity turnover increases from year to year.

The production and sale of fabrics are steadily increasing. Beginning with the second five-year plan, when major successes were achieved in the development of light industry, the assortment of fabrics has been continuously improving, and the specific weight of the most valuable fabrics has been rising.

The specific weight of high-quality fabrics is growing particularly fast in the post-war period. The production of woolen, silk, and high-grade cotton fabrics is growing at faster rates than the production of cheap sorts of cotton fabrics. While in 1952 cotton fabrics were produced approximately 30% more than in 1940, woolen fabrics were produced approximately 60% more, silk fabrics — 2.8 times more.

Shifts in the structure of production of each of these groups of fabrics are no less significant. With an overall increase in the production of cotton fabrics over the post-war five-year plan by 2.4 times, the output of fabrics enjoying wide popular demand increased particularly strongly, among them printed cotton (*sits*) — by 22 times, sateen — by 7.3 times, yarn-dyed fabrics (*pestrotkannyye*) — by 8.2 times. In the single year of 1951, over 2,200 new fabric designs were developed and introduced in the cotton industry. In the cotton industry, the specific weight of high-quality fabrics increased: printed, mercerized, jacquard, of fast and extra-fast dyeing. In the group of woolen fabrics, the specific weight of high-quality worsted fabrics rose and the specific weight of coarse-cloth fabrics shrank. Over the first post-war five-year plan, the output of top-grade output increased: in the cotton industry — from 32 to 90.5%, in the flax industry — from 89.0 to 94.2%, in the woolen industry — from 84.0 to 89.5%, in the silk industry — from 60.0 to 73.4%.

The production and sale of garments are widely developed in our country. Articles of ready-made clothing represent the most complex assortment. The consecutive reduction of retail prices for all goods, including garments, carried out in the post-war period, sharply raised consumer demand for articles of

clothing. Garment goods sold to the population exceeded the previous year: in 1949 by 29%, in 1950 by 33%, in 1951 by 14%, in 1952 by 11%.

In connection with the rapid rise in the purchasing power of the population in the post-war period, demand for woolen fabrics, especially for high-quality worsted fabrics and garments made from them, increased sharply, which significantly outpaces the growth of production of these goods. Therefore, the population's demand for woolen fabrics and garments made from them is currently satisfied insufficiently. The fifth five-year plan envisages a large increase in the production of these goods.

A first-class footwear industry has been created in the USSR. The production of leather footwear by factory method in our country has increased compared to 1913 by 30-odd times. In 1952, 250 million pairs of leather footwear and 125 million pairs of rubber footwear were produced. The Soviet State ensures the continuous increase in the sale of footwear to the population.

It is characteristic that the sale of leather footwear is growing in the largest dimensions. The structural shifts that occurred in the sale of footwear in 1952 compared to 1940 — an increase in the specific weight of chrome-tanned, yuft, combined footwear and a reduction in the specific weight of textile footwear — characterize a significant improvement in the assortment of footwear in the post-war years.

Sanitation items and perfumery goods occupy a large place in commodity turnover. In the first post-war years, the volume of

sale of individual types of these goods increased sharply; the growth rates of turnover of these goods outpaced the growth rate of commodity turnover as a whole. Thus, in the single year of 1950, the sale of toilet soap increased by 86%, household soap — by 38%, perfumery — by 35%. But already beginning in 1951, the growth rates of turnover of these goods slowed down, and their specific weight in total commodity turnover contracted somewhat. Thus, in 1951 and 1952, the increase in soap sales occurred somewhat more slowly than the growth of commodity turnover as a whole. The fact is that consumer demand for sanitation and hygiene items in our country is now already fully satisfied, and the growth of sales of these goods occurs mainly at the expense of switching the population's demand to higher grades of soap, perfumery, etc. Such an opportunity is available to the population thanks to repeated and very large price reductions on all these goods.

An important component part of popular consumption is household utensils — furniture, tableware, electrical goods, etc.. The growth of consumption of this group of goods is in direct connection with the improvement of working people's housing conditions, with the continuously growing use of gas and electricity in everyday life.

The Soviet State displays concern for introducing comfortable and beautiful furniture into the everyday life of the Soviet people. In recent years, certain successes have been achieved in mastering the production of new types of furniture and in deploying trade in it. The sale of furniture increased compared to the previous year: in 1949 by 38%, in 1950 by 38%, in 1951 by 50%, in 1952 by 20%. The rates of increase in furniture

sales far outpaced the growth rates of commodity turnover as a whole. The specific weight of furniture in the country's commodity turnover is steadily growing.

The turnover for the sale of tableware — metal, glass, porcelain, and earthenware — is also significant. The growth of tableware sales is characterized above all by qualitative shifts. While in 1946 the share of glass, porcelain, and earthenware tableware in all tableware and household goods constituted 28.8%, by 1949 their share increased to 41.3%. Consumer demand for porcelain tableware is growing in the largest dimensions.

The electrification of the country created conditions for the wide introduction of electricity into the everyday life of the people. In the period of gradual transition from socialism to communism, the task of total rural electrification is being practically resolved. In the post-war years, major successes have been achieved in this direction. Electrification generates a mass demand for electrical goods. Back in the years of the pre-war five-year plans, a powerful electrical industry was created, producing alongside output for industrial designation also mass consumption electrical goods. The development of electrification in the post-war years gave a new impetus to the development of the electrical industry. All this served as the basis for the development of mass consumer demand for electrical goods and for increasing their sale. In 1950, household electrical appliances were sold 1.5 times more than in 1940.

An important indicator of the rise in well-being and culture of the people is the increase in the volume of trade in cultural

goods. The cultural revolution that took place in our country in the course of socialist construction generated a rapid growth in consumer demand for cultural goods. Supplying the population on an ever-increasing scale with all necessary articles of cultural everyday life is of particularly great importance at present, in the period of preparing the transition from socialism to communism, when the task of the economic and cultural re-education of socialist society is being resolved.

Among cultural goods, printed publications occupy a particularly important place. Enormous attention is paid to book trade in our country. The state has created a ramified system of book trade. In the USSR, tens of thousands of books of various titles are published annually. A significant part of these publications is issued in such colossal circulations as no country in the world knows. Book trade in the USSR develops alongside the growth of the library network.

Musical goods, radio receivers, and television sets belong to the number of mass cultural goods. Socialism opens up unseen opportunities for the flourishing of the musical culture of the people. Over the years of Soviet power, musical education and upbringing have become generally accessible. A new, modern industry for the production of radio receivers, phonographs, and the most diverse musical instruments (pianos, accordions, bayan accordions, plucked instruments, etc.) has been created in the USSR. The sale of all these goods in our country is increasing at higher rates than commodity turnover as a whole. The sale of radio receivers in 1950 compared to 1940 increased by 6 times and continued to grow rapidly. In Moscow, for example, over 1951 and 1952 alone, the sale of radio receivers

and television sets increased by 70%. In Rostov Region, the sale of musical instruments and radio receivers to the population increased in 1952 compared to 1948 by more than 2.5 times.

The socialist system opens up wide opportunities for physical culture and sports as well. Over the years of Soviet power, physical culture and sports have entered the everyday life of tens of millions of people. The Soviet State displays untiring care for the physical education of the rising generation. A wide sports base has been created in the USSR — houses of physical culture and sports, sports clubs, stadiums, sports grounds, water stations, etc.

The growth of the mass physical culture movement generated a large demand by the population for sports goods. Enormous state material funds of sports equipment and sports accessories, which are collective funds of consumption, by no means exclude the continuous growth of the population's demand for individual use sports gear. Thus, in 1933, 132.4 thousand bicycles were produced and sold to the population, and in 1938 — already 385.6 thousand bicycles, that is, almost 3 times more. In 1950, bicycles were sold 2.9 times more than in 1940, in 1951 — 86% more than in 1950, in 1952 — 130% more than in 1950. The production and sale of motorcycles are growing. In 1950, the sale of motorcycles increased compared to 1940 by 16 times.

Under socialism, the difference in the consumption of the urban and rural population is preserved. This difference is a consequence of the essential difference between town and country under socialism. But as we advance forward to

communism, the countryside's lag in consumption level is gradually eliminated.

The structure of commodity turnover of industrial goods in rural trade on the eve of collectivization was characterized by a number of features. Exceptionally high was the specific weight of fabrics, mainly cotton, reaching 46% of the entire rural turnover for industrial goods, and extremely low was the specific weight of garment goods, constituting about 2.5% of turnover. The specific weight of articles of cultural everyday life in commodity turnover constituted only 1.5%. The high specific weight of cotton fabrics in the total turnover of industrial goods and the small specific weight of garment goods and other consumer items were caused by the low and unstable purchasing power of small-commodity peasant farms. Peasants pinched many of their demands in order to at least minimally satisfy their needs in articles of clothing. Besides, peasants were forced in that period to expend no small part of their scanty budget on the acquisition and repair of production implements.

As long as the working peasantry conducted small-commodity farming, it could not emerge from need. Only from the moment of entering the path of collectivization did unlimited opportunities open up before the peasantry for raising its material well-being, for eliminating the lag behind the city in the sphere of consumption.

Lifting the level of consumption of the rural population to the level of consumption of the urban population represents a difficult task, especially if one takes into account that this

process takes place under conditions of a continuously rising level of consumption of the urban population.

The gradual rapprochement of consumer demand for goods and the consumption of working people of town and countryside began back in the years of the pre-war five-year plans. This rapprochement proceeded both along the line of raising the specific weight of rural commodity turnover in the country's total commodity turnover and along the line of changing the structure of rural commodity turnover. Significant successes in approximating the structure of rural turnover of industrial goods to the structure of urban commodity turnover were achieved in the years of the second five-year plan, especially regarding cultural and household goods, fabrics, footwear, knitwear, sanitation and hygiene items. Over the period from 1933 to 1938, the sale of, for example, the most important cultural and household goods in the rural trade network of consumer cooperation increased: musical instruments — by 16.6 times (including phonographs — by 20.5 times), radio goods — by almost 4 times, sports goods — by 14.8 times (including bicycles — by 53.2 times), clocks and watches — by 2.5 times, porcelain tableware — by 5.7 times, furniture — by 17.9 times.

An exceptionally large role in the development of rural commodity turnover was played by the deployment in the countryside, by decision of the Central Committee of the All-Union Communist Party (Bolsheviks) and the Council of People's Commissars of the USSR of September 29, 1935, of a wide network of district department stores (*raymagi*), village

stores (*selmagi*), hardware stores (*khoztorgy*), cultural stores (*kulttorgy*).

A significant improvement in the structure of rural commodity turnover was achieved in the post-war period. Thus, while in 1940 the specific weight of woolen, silk, and linen fabrics in the total mass of fabrics sold in the countryside constituted (by turnover sum) 25.5%, and of cotton fabrics — 74.5%, in the first half of 1952 the specific weight of the former rose, in comparable prices, to 32%, and of the latter contracted to 68%.

In 1952, the collective farm peasantry acquired through consumer cooperation more than in 1948 (in comparable prices): silk fabrics — by 2.95 times, garment goods — by 2.44 times, knitwear, stockings, socks — by 2.4 times, leather footwear — by 2.9 times, glass, porcelain, and earthenware tableware — by 2.9 times, furniture — by 4.95 times, radio and musical goods — by 2.64 times, books — by 2.4 times. The specific weight of the countryside in the consumption of fabrics, garments, and other industrial goods steadily rose. In 1951, the pre-war level of fabric sales in the countryside was surpassed by almost 1.5 times, and of the most valuable, silk fabrics — by 2.75 times. The specific weight of silk fabrics in the retail commodity turnover of consumer cooperation increased significantly. The consumption of knitwear, stockings, and socks by the rural population is growing at high rates. The specific weight of knitwear and hosiery items in comparable retail commodity turnover of consumer cooperation rose.

The ever-increasing consumption of furniture, tableware, and other household items by the rural population testifies to the

improvement of everyday life and the rise in culture of the Soviet countryside. The share of glass, porcelain, and earthenware tableware in the retail commodity turnover of consumer cooperation increased significantly. In 1952, there were delivered to the rural network of consumer cooperation more than in 1940: radio receivers — by 8.8 times, bicycles — by 4.9 times, cameras — by 4.0 times.

The enormous growth in the consumption of cultural everyday life goods by the rural population in the post-war years is testified to by the fact that the specific weight of cultural goods groups in the retail turnover of consumer cooperation in 1952 more than doubled compared to 1940.

While the traditional goods of pre-revolutionary peasant demand were salt, cheap fabrics, kerosene, matches, nowadays the collective farm peasantry displays an ever-increasing demand for high-quality fabrics, model footwear, ready-made clothing, knitwear, cultural and household everyday items.

It should be noted that one cannot judge the level of goods sales to the rural population by the volume of rural commodity turnover, since the urban trade network services a fairly significant part of the rural population[261]. Therefore, in order to obtain an exact idea of the structure of consumption of industrial goods in the countryside, one would need to take into account all purchases made by the rural population in the urban trade network.

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[261] Before the war, only 1/3 of the village's purchasing fund was covered by rural retail commodity turnover (including the turnover of public catering enterprises). Urban retail sold to the rural population in 1939 13% of all goods realized by it (see *Planovoye khozyaystvo* No. 5, 1941, p. 82).

The proportion between food and industrial goods, that is, the specific weight of each of these goods subdivisions in the total sum of commodity turnover, is the most generalizing indirect indicator of popular consumption.

Trade in food goods will develop and expand continuously as long as trade in general exists as a form of exchange. The growth of food goods turnover is generated by the increase in the number of the urban population and the number of rural workers and employees, the natural population growth, which in a socialist society occurs at particularly fast rates, the increase in collective farmers' consumption of food products of industrial production, the growth and improvement of consumption of the entire population of the country.

However large the base for expanding trade in food goods may be, it is nevertheless more limited than the base for expanding trade in industrial goods. For the consumption of foodstuffs, there exists ultimately a physiological limit. Having reached its rational norms, it will absolutely increase thereafter mainly not at the expense of quantitative growth in consumption (the latter will occur only in connection with the growth of the population itself), but above all at the expense of the qualitative growth of consumption, which is boundless. Already in the final pre-war years, the increase in trade in industrial goods began to outpace trade in food goods by its growth rates. This indicator testifies to the population's achievement of a fairly high level in the consumption of diverse food products and to the creation of opportunities for maximum satisfaction of needs in footwear, clothing, and cultural and household everyday items.

Before the Great October Socialist Revolution, the working people of our country, just like the working people of all capitalist countries nowadays, were doomed to poverty and vegetating. According to budget data of the proletariat of Petersburg and Baku for 1909, workers' purchasing funds were distributed between food and industrial goods (excluding drugs and household utensils) in the following manner (in % to total)[262]:

	Among the Petersburg proletariat (data on 307 families)	**Among the Baku proletariat (data on 578 families)**
Food products	80.2	76.8
Industrial goods	19.8	23.2
Total	**100.0**	**100.0**

[262] See A. M. Stopani, *The Oil Industry Worker and His Budget* (*Neftepromyshlenny rabochiy i ego byudzhet*), Gosizdat, Moscow 1924, p. 107; S. N. Prokopovich, *Budgets of Petersburg Workers* (*Budzhety peterburgskikh rabochikh*), St. Petersburg 1909. Prokopovich, who surveyed the budgets of Petersburg workers, and Stopani, who surveyed the budgets of Baku workers, significantly exaggerated the data on workers' incomes and expenditures, since they investigated the budgets of the most well-to-do groups of workers. Prokopovich indicates that "the average earnings of those interviewed are one and a half times higher than the average earnings of a Petersburg worker".

Thus, up to 4% of their purchasing funds workers expended on food, the level of which remained beggarly. The main mass of nutrients consumed by workers consisted of products of plant origin. A. M. Stopani in his book *The Oil Industry Worker and His Budget* indicates that nutrients of plant origin constituted 90.8% in the nutrition ration of Baku family workers, and animal origin — a mere 9.2%.

The main mass of nutrients in the workers' nutrition ration was made up of bread and groats, which accounted for 75% of the workers' budget. Stopani does not mention at all the workers' consumption of such products as sausage, confectionery products, rice, etc.

The daily nutrition ration of workers was extremely poor in fats and animal proteins (the latter constituted a little over 1/3 of all consumed proteins). And such a beggarly level of nutrition was among the workers, despite the fact that their average earnings were twice as high as the earnings of industrial workers of other cities. Workers bought industrial goods only in extreme, urgent cases. According to data from the same budget surveys, the purchase of worn clothing was a usual phenomenon for the Petersburg proletariat. Among family workers, 71.4% of surveyed families bought worn items, among single workers — 44.7%[263].

The main mass of peasants in pre-revolutionary Russia lived half-starved, dressed in homespun clothing, wore bast shoes

[263] See S. N. Prokopovich, *Budgets of Petersburg Workers*, p. 41.

(*lapti*), and made do with pitiful household utensils. From food goods, peasants bought mainly vodka and salt. From industrial goods, peasants bought predominantly goods of production designation (scythes, wheel grease, etc.) and in insignificant dimensions — printed calico (*sitets*), soap, and kerosene. Poor peasants in tsarist Russia ate twice as badly as well-to-do peasants. V. I. Lenin in his works cites numerous statistical data characterizing the beggarly level of consumption of peasants in pre-revolutionary Russia. According to Zemstvo-statistical data on peasant budgets, scientifically elaborated by V. I. Lenin, food expenditures of poor peasants constituted on average per capita 14 rubles 93 kopecks per year (including products of own production), while for well-to-do peasants these expenditures constituted 27 rubles 98 kopecks[264].

The differentiation in the quality of nutrition was even greater: low-quality products predominated in the nutrition ration of poor peasants, while more valuable products predominated among well-to-do peasants, especially kulaks. Thus, for example, the consumption of potatoes by the poor was 3 times higher than by well-to-do peasants and kulaks. But on the other hand, meat consumption by the former constituted a mere 0.59 pood per year per capita, or about 2 pounds a month, whereas among the latter — 1.79 pood per year. The greater part of poor peasant households rarely consumed bread without admixtures. As a rule, goosefoot (*lebeda*), bark, etc., were mixed into the bread.

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[264] See V. I. Lenin, *Works*, Vol. 3, p. 133.

The October Revolution gave working people the opportunity to put an end to poverty and hunger. Caring for raising the level of popular consumption is a most important state matter in the USSR. Therefore, one of the main tasks of the second five-year plan was raising the level of popular consumption by 2 times and more. This task, as is known, was successfully solved.

Let us examine how the proportion between food and industrial goods in total commodity turnover took shape over the period of socialist construction.

Structure of commodity turnover (in % to total)[265]

	1928	**1932**	**1933**	**1938**
Food goods	46.5	48.9	53.3	59.3
Industrial goods	53.5	51.1	46.7	40.7
Total	**100.0**	**100.0**	**100.0**	**100.0**

The increase in the specific weight of food goods in commodity turnover, which took place right up to 1937, was generated not only by the stormy growth of the urban

[265] See "Soviet Trade", Moscow 1935, p. 77; *Socialist Construction of the USSR (1933–1938)*, Gosplanizdat, 1939, p. 142.

population in connection with the country's industrialization, but also by the fact that during the years of the first and second five-year plans the task of a serious rise in food consumption was successfully accomplished.

The efforts of the Communist Party and the Soviet State during the period of the first and second five-year plans were directed above all at ensuring the satisfaction of the urgent needs of the population. Therefore, the Party and the Government developed at accelerated rates those branches of the food and light industries that produce goods of prime necessity, above all expanding the production of food goods and trade in them. The growth of commodity turnover was accompanied by radical structural shifts that began already in the first five-year plan in connection with the maximum deployment of trade in food goods. By growth rates, the sale of food goods outpaced the sale of industrial goods at that time. A particularly rapid growth of turnover in the sale of food goods in both absolute and relative dimensions was achieved in the years of the second five-year plan.

Over a little more than two years of the third five-year plan, our country achieved new successes in all branches of the national economy and in raising the living standard of the people. Already in the third five-year plan, new shifts outlined themselves in the structure of commodity turnover. Although in commodity turnover the specific weight of food goods remained high, nevertheless the growth rates of turnover for the sale of industrial goods began to outpace the growth rates of turnover for the sale of food goods, which in turn entailed an

increase in the specific weight of industrial goods in total turnover.

In the post-war period, this tendency in the development of the structure of commodity turnover manifested itself in even more significant dimensions: at high growth rates of all commodity turnover, turnover for industrial goods increased most rapidly.

Growth of sale of food and industrial goods (in comparable prices)

	1946 in % to 1945	**1949 in % to 1948**	**1950 in % to 1949**
Food goods	115	117	127
Industrial goods	185	125	135

As a result of the higher growth rates of the realization of industrial goods, their specific weight steadily rose and, accordingly, the specific weight of food goods declined in the entire retail commodity turnover of state and cooperative trade.

The specific weight of durable goods — automobiles, motorcycles, bicycles, radio receivers, televisions, furniture, refrigerators, musical instruments, etc. — increased

particularly in commodity turnover, which vividly reflects the growing material well-being of the Soviet people.

Already now, industrial goods play a predominant role in the country's retail commodity turnover. In the future, this predominance will increase more and more. Such a tendency in the development of the structure of commodity turnover is fully regular for the period of gradual transition from socialism to communism, when the consumption of food goods increases already not so much at the expense of absolute quantitative growth, but rather at the expense of the growth of consumption of the most high-quality products, and the population switches its purchasing funds on an ever-increasing scale to the acquisition of industrial goods. Higher growth rates of consumption of industrial goods compared to food goods in the post-war period also testify to the fact that the population's demand for food goods is satisfied more fully than for industrial goods.

Recently, the Soviet Government has carried out and is carrying out important measures aimed at raising the role of trade in the country's national economy, at intensifying the struggle on the part of trading organizations for the maximum satisfaction of the consumer demand of the population. In accordance with the government's task on the significant expansion of goods production for the population in the current year, mass consumption goods to the sum of 32 billion rubles will additionally enter trade over and above the previously established plan for April–December 1953.

Of enormous significance is the currently implemented concentration of wholesale turnover of industrial and food

goods in the Ministry of Internal and External Trade of the USSR. Transferred to this ministry are the wholesale-marketing organizations, trade-marketing offices and trade-marketing bases of the Ministry of Light and Food Industry and the wholesale trade in rubber footwear from the Ministry of the Chemical Industry. This will make it possible to intensify the influence of trade on production in the struggle to raise quality and expand the assortment of mass consumption goods; improve wholesale and retail trade; ensure the timely and planned delivery of goods to regions, territories, and republics in accordance with the requests of the population.

Soviet trade is a most important sector of the struggle for the further rise of the people's well-being. The study and maximum satisfaction of steadily growing consumer demand, raising the culture of servicing, improving the qualifications of trade workers, and reducing overhead costs are the most important tasks of Soviet trade.

Questions of Economics, No.8, 1953.

M. GUTSAIT

CHRONIC UNEMPLOYMENT IN THE EPOCH OF THE GENERAL CRISIS OF CAPITALISM

Capitalist reproduction in the epoch of the general crisis of capitalism is characterized by the presence of multi-million armies of unemployed, by the transformation of these armies from reserve into permanent ones.

Analyzing the process of capital accumulation, Marx established that relative surplus population is inherently inseparable from the capitalist mode of production, and that the development of machine industry under capitalism inevitably entails the displacement of workers by machinery and the formation of an "excess" population. "The working population, therefore, produces in increasing volume, along with the accumulation of capital, the means which make it relatively surplus population"[266].

Relative surplus population under capitalism is both a product and a condition of accumulation. In the course of capitalist production, not only capital and surplus value are reproduced, but also relative surplus population.

Marx showed that the growth of the organic composition of capital (i.e., the ratio of constant capital to variable capital) leads to a deterioration in the position of the working class, because it causes a relative decrease in living labor power compared to the scale of production. Additional capital formed in the course of the capitalization of surplus value attracts fewer workers than old capital. At the same time, part of the employed workers is pushed out of operating enterprises due to the fact that the replacement of fixed capital wear and tear is

[266] K. Marx, Capital, vol. I, 1952, p. 637.

carried out on the basis of a higher organic composition of capital.

In order for the number of newly attracted workers to exceed the number of dismissed workers, high rates of reproduction and a large scale of capital accumulation are necessary. Although with the growth of total capital its variable component—i.e., the labor power it absorbs—also increases, it increases in a constantly diminishing proportion. The accumulation of total capital, accelerating in a growing progression, becomes necessary not only so that a definite additional number of workers can be absorbed, but also so that, in connection with the constant metamorphoses of old capital, workers already functioning retain their work[267]. To ensure the growth in the number of employed workers, an accelerating progression of accumulation of total capital is necessary so that the growth rates of total social capital exceed the growth rates of the increase in its organic composition. Only under these conditions does the attraction of new workers by additional capital exceed the reduction of employed workers resulting from the growth of the organic composition of operating capital.

Under capitalism, when capital accumulation is restricted by the conditions of production and realization of surplus value, when technology develops extremely unevenly across countries and branches, when the development of machine industry is accompanied by the intensification of workers' labor and the mass ruin of petty commodity producers, the increase in the organic composition of capital inevitably leads to a growth in the army of people who cannot find application for their labor. As capitalism develops, on the basis of the intensification of the contradictions of capitalist accumulation, unemployment increased ever more, assuming particularly massive dimensions

[267] See ibid., p. 635.

in the epoch of the general crisis of capitalism.
However, it would be incorrect to view chronic unemployment in the epoch of the general crisis of capitalism merely as an increase in the size of the reserve army. Chronic unemployment in the epoch of the general crisis of capitalism differs fundamentally from unemployment at previous stages of capitalist development: the army of unemployed becomes permanent and assumes such huge dimensions that it significantly exceeds the limits of the "normal" army of unemployed required for the growth of capital.
In the epoch of the general crisis of capitalism, the contradictions between productive forces and production relations have sharply intensified. The split of the world into two opposing systems, the crisis of the colonial system of imperialism, the ever-increasing decomposition of the world economic system of capitalism, the narrowing of the capitalist market, especially in the second stage of the general crisis of capitalism, have led to an extraordinary intensification of the contradictions of capitalist accumulation; unemployment has turned into chronic unemployment. Permanent mass unemployment, chronic underload of enterprises, deformation of the capitalist cycle, the rabid rampage of militarism that leaves its stamp on the entire public life of capitalist states, the transition to the development of production on a narrowed basis in the second stage of the general crisis of capitalism—all these forms of manifestation of the parasitism and decay of capitalism in the epoch of its general crisis show that capitalist production relations are in irreconcilable contradiction with the character of productive forces. Permanent unemployment and chronic underload of enterprises are vivid manifestations of the intensifying decomposition of the world economic system of capitalism, of the squandering and wasting of society's productive forces.
In the epoch of the general crisis of capitalism, with the

continuing growth of the organic composition of capital, not only have the rates of capital accumulation been extremely retarded, but a tendency toward a reduction in the absolute increment of new capital has also outlined itself. Thus, even according to data by the bourgeois economist Kuznets, the volume of capital accumulation in the USA averaged per year over the twenty-year period 1919–1938 at 4,030 million dollars, compared to 6,590 million dollars for the decade 1909–1918 (in 1929 prices). Capital accumulation declined particularly sharply in the 1929–1937 cycle. On average for the decade 1929–1938, annual capital accumulation amounted to 1,044 million dollars [cite: 3][268].

Based on the operation of the basic economic law of contemporary capitalism, contradictions and restrictions in the development of technology have sharply intensified. Lenin showed with exhaustive clarity that the dominance of monopolies creates the economic opportunity to artificially retard technical progress and inevitably gives rise to a tendency toward technological stagnation.

In the epoch of the general crisis of capitalism, the extraordinary intensification of the realization problem and the growth of chronic enterprise underload reinforce the tendency toward technological stagnation and limit its development within the framework of military production and its directly servicing principal branches of the economy. All this conditions a further deceleration in the rates of capitalist reproduction and causes a decrease in the role of capital accumulation in the economy of capitalist states.

Despite the deceleration of technological development in the epoch of the general crisis of capitalism, the growth of the organic composition of capital continues, as already noted. This growth depends both on the development of technology

[268] Simon Kuznets, National Product since 1869. New York 1946, p. 118.

and on the increase in the intensity of labor. If under conditions of contemporary capitalism the role of technological development as a factor in the growth of the organic composition of capital has declined significantly, the significance of labor intensification has, on the contrary, greatly increased. Concrete data fully confirm this. Thus, in the US manufacturing industry, the average annual growth rates of mechanical motor capacity per worker decreased from 3.5% for 1889–1914 to 2.6% for 1914–1939. At the same time, the average annual growth rates of processed raw materials and other materials per worker per year increased correspondingly from 0.9 to 2.3%. These data, confirming the proposition that a further growth in the organic composition of capital is taking place under contemporary capitalism, at the same time show how much the role of labor intensification has grown.

The enormous growth of labor intensity during the period of the general crisis of capitalism is not a random phenomenon. It is conditioned by the exacerbation of the contradictions of capitalist reproduction. The mass of profit, which is a converted form of surplus value, depends on the number of workers employed in the sphere of material production and on the degree of their exploitation. The deceleration of production growth rates in the epoch of the general crisis of capitalism and the development of production on a narrowed basis in the second stage limit the possibility of growing the mass of surplus value through increasing the number of workers employed in productive labor.

In turn, raising the degree of exploitation of the proletariat can be carried out through increasing absolute and relative surplus value. The retardation of technological development under conditions of contemporary capitalism means a deceleration in the growth of the mass of surplus value through the reduction of necessary working time—i.e., through raising labor productivity on the basis of the development and improvement

of technology. The strengthening of the organization and class struggle of workers prevents monopoly capital from increasing the mass of surplus value through lengthening the working day. Under these conditions, in order to ensure maximum capitalist profit, the predators of monopoly capital intensify the exploitation of workers primarily through labor intensification. The enormous growth of labor intensity during the period of the general crisis of capitalism is evidenced by the mere fact that, despite the sharp slowdown in technological development and the decline in the scale of fixed capital renewal, the growth rates of hourly worker output did not decrease, but increased compared to the period before the First World War. Moreover, hourly worker output grew faster than energy equipment per worker. Thus, the average annual growth rates of hourly worker output in the US manufacturing industry constituted 2.1% for the period 1899–1914, 3.2% for the period 1914–1939, and 4% for the period 1947–1951. The average annual growth rates of mechanical motor capacity per worker constituted 3.5% for 1899–1914, and 2.6% for 1914–1939. The intensification of workers' labor in capitalist countries inevitably leads to an increase in the number of unemployed. With the growth of unemployment, older workers are dismissed first; capitalists retain physically healthier and more enduring workers in production, forcing them, under threat of dismissal, to work with extreme tension of forces.

The increase in labor intensity creates the opportunity for expanding production with an unchanged or even decreasing number of workers.

In the US, the volume of manufacturing output increased in 1929 compared to 1919 by 52.5%, while the number of production workers remained at approximately the same level. In 1939, the volume of industrial production was at the 1929 level, and the number of production workers decreased by 6.5%. In 1919, there were 8,465 thousand production workers

in US manufacturing, in 1929—8,370 thousand, and in 1939—7,808 thousand.

Raising labor intensity is an important factor in the growth of unemployment and the transformation of the army of unemployed from a reserve into a permanent one. Its significance is especially reinforced by the fact that at present in the main capitalist countries the overwhelmingly predominant part of the population consists of wage-labor people selling their labor power as a commodity.

In modern America, where over 80% of the gainfully employed population consists of wage workers, each percentage of increase in labor intensity—other things being equal—increases unemployment by 400–500 thousand people.

In the epoch of the general crisis of capitalism, despite a significant reduction in the scale and rates of capital accumulation, the processes of concentration and centralization of capital have intensified, also causing a relative decrease in the variable part of capital. Centralization of capital occurs on a particularly broad scale and, as Marx pointed out, can be accomplished through a simple change in the distribution of already existing capitals.

The centralization of capital contributes to raising the organic composition of not only additional capital, but also operating capital, and to the growth of the army of unemployed. Under conditions of chronic underload of the production apparatus, monopolies concentrate production at larger enterprises, mothballing smaller ones whose organic composition of capital is usually lower.

The concentration of production at large enterprises, even if not accompanied by technical changes, plays an important role in raising the organic composition of capital. In this case, even if the organic composition of capital at a given enterprise does not change, the organic composition of social capital increases because the specific weight of large enterprises in the economy

of capitalist countries rises.
Wars and the militarization of the economy exert a major influence on the growth of chronic unemployment. Bourgeois economists and right-socialist servants of monopolies try to convince the popular masses that wars and the militarization of the economy allegedly contribute to the elimination of unemployment.
However, facts show that, firstly, the temporary decrease in unemployment during wartime is caused primarily not by the growth of employment in production, but by the mobilization of enormous masses of people of working age into the armed forces and the physical extermination of people.
The militarization of the economy causes a growth in military production and at the same time causes a contraction in civilian production.
In Hitler's Germany, the size of the civilian labor force (i.e., people employed in all spheres of activity except the armed forces), excluding foreign workers forcibly driven to Germany, amounted to 39.1 million people in May 1939, 34.8 million on the same date in 1940, 33.1 million in 1941, 31.3 million in 1942, 30.3 million in 1943, and 29 million people in 1944. Even taking foreign workers into account, the total size of the civilian labor force in Germany contracted from 39.4 million people in May 1939 to 36.1 million people in May 1944. Germany's losses in the Second World War amounted to about 9.5 million people, including 4 million wounded and 5.5 million killed and missing in action.
In England, the size of the civilian labor force contracted over 1939–1945 by 1,584 thousand people.
Secondly, wars and the militarization of the national economy cause a further impoverishment of the popular masses and extremely exacerbate the contradictions of capitalist reproduction, in particular the contradiction between the growth of capitalism's production possibilities and the relative

contraction of the working people's effective demand, which reinforces the tendency toward a halt in growth and contraction of the volume of production, and an increase in unemployment. In the epoch of the general crisis of capitalism, employment growth has contracted not only relatively, but also absolutely. Thus, in the US manufacturing industry, the average annual growth in the number of production workers for 1914–1949 decreased by 14 thousand compared to 1899–1914.

Thirdly, wars and the rampage of militarism, intensifying the impoverishment of the working class and the proletarianization of petty commodity producers, cause a growth in labor supply on the part of ruined and ruining peasants and artisans who previously did not work for hire, and members of working-class families.

The actual dimensions of "hidden" unemployment were usually revealed in phases of upswing. Now, under conditions of chronic unemployment, they are revealed during periods of wars, when masses of people of working age are drafted into the armed forces and new strata of the population are drawn into production to expand the output of military products. After the war, the size of the armed forces is curtailed and military production is reduced, and these people turn out to be thrown onto the street. Millions of peasants and artisans who during the war years left their households and went to work in military industry are ruthlessly pushed out of production after the war and replenish the ranks of the unemployed.

By the physical extermination of the youngest and healthiest part of the population, malnutrition, impoverishment, extreme labor intensification, and post-war unemployment, the working people pay for the temporary reduction of unemployment during wars and intensive preparations for them.

Chronic unemployment is inextricably linked with chronic enterprise underload. Both of these phenomena are conditioned by the exacerbation of the antagonistic contradictions of

capitalist reproduction in the epoch of the general crisis of capitalism. The closure of entire enterprises and workshops is accompanied by a reduction in the number employed and a growth in the number of unemployed. Chronic underload of enterprises, creating additional opportunities for the concentration of production at the largest enterprises, leads to the number of workers being reduced to an even greater degree than the volume of production.

One of the most striking manifestations of the ever-deepening decomposition of the world economic system of capitalism is the deformation of the capitalist cycle. Conditioned by the general crisis of capitalism, the deformation of the capitalist cycle intensifies the growth of chronic unemployment. Unemployment, being a permanent phenomenon under capitalism, increases especially in the crisis phase. The change in the course of the capitalist cycle in the direction of increasing duration and frequency and intensifying the devastating character of economic crises increases unemployment and its duration. Thus, the number of employed in the US manufacturing industry contracted during the 1903–1904 crisis by 5.8%, during the 1907–1908 crisis—by 11.5%, during the 1920–1921 crisis—by 23.5%, and during the 1929–1933 crisis—by 31%, and taking into account the growth of partially unemployed, the number of man-hours worked decreased in 1933 compared to 1929 by 43% against 26% during the 1920–1921 crisis [cite: 4][269].

The real wages of US workers (including the unemployed) contracted during the 1903–1904 crisis by 5%, during the 1907–1908 crisis—by 14%, during the 1920–1921 crisis—by 19.5%, and during the 1929–1933 crisis—by 25%.

The growth of unemployment, its transformation into chronic

[269] S. Fabricant, Labor Savings in American Industry 1899-1939. New York 1945, p. 261.

unemployment, exposes with special force the sores and reactionary character of contemporary capitalism. It is not accidental, therefore, that bourgeois statistics data on unemployment are falsified especially heavily. However, despite all the subterfuges of bourgeois statistics, it is impossible to conceal the growth of unemployment with the development of capitalism. This confirms the Marxist thesis that unemployment in the epoch of the general crisis of capitalism has become chronic and assumed a mass character.
In Germany before the First World War, the number of unemployed among industrial workers fluctuated within 2-3%, rising in years of crises to 6-7%. After the First World War, despite the decline in natural population growth and large losses of people of working age as a result of the war, the number of unemployed relative to all workers constituted: in 1924—11.4%, in 1925—8.3%, in 1926—17.9%, in 1927—8.8%, in 1928—9.7%, in 1929—14.6%, in 1930—22.7%, in 1931—34.7%, and in 1932—44.4%[270]. In addition, a large number of workers were employed part-time per week.
In England, unemployed numbered: in the 1901–1907 cycle—4.3%, in the 1908–1913 cycle—4.7%, in the 1921–1929 cycle—11.8%, and in the 1930–1937 cycle—16.8%, reaching 21.9% of all workers in 1932[271]. Even in 1929 in England, 10.3% of workers were unemployed.
In the USA, according to Census Bureau data, the number of fully unemployed averaged per year for the 1900–1907 cycle was 1,023 thousand people, for the 1907–1913 cycle—1,178 thousand people, for the 1921–1929 cycle—1,738 thousand

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[270] See J. Kuczynski, History of Conditions of Labor in Germany. Gosinoizdat, 1949.

[271] See J. Kuczynski, History of Conditions of Labor in Great Britain and the British Empire. Gosinoizdat, 1948, p. 143.

people, and for the 1930–1937 cycle—8,225 thousand people[272]. These Census Bureau unemployment data are significantly falsified and give a distorted picture of the actual dimensions of unemployment. Thus, according to calculations by the American Labor Research Association, in the USA in November 1932 there were 16,783 thousand unemployed, while according to Census Bureau data—11,385 thousand unemployed. According to our calculations, in the USA in the 1930–1937 cycle there were on average over 13 million unemployed per year[273], while according to Census Bureau data —8.2 million.

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During the period of the Second World War and in the post-war years, the economic and political contradictions of capitalism sharply intensified. The general crisis of capitalism entered a new, second stage of its development. The economic

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[272] Calculated from materials published in the Census Bureau publication "Historical Statistics of the United States 1789-1945", 1949, p. 65.

[273] Absolute data on resources and employment of workers and employees for 1920 are taken from Leo Wolman's article published in the book "Latest Changes in the Economy of the United States of North America" (vol. II, Gosizdat, 1930, p. 67). For subsequent years, data are calculated from indices of resources and employment of wage workers published in the National Resources Committee work "Technological Trends and National Policy", 1937, p. 70. For 1936–1937—our calculations. The National Resources Committee employment indices also include partially unemployed. The number of unemployed is calculated as the difference between the total number of workers and employees and the number employed.

result of the Second World War was the split of the single all-embracing world market into two markets, which determined a further deepening of the general crisis of the world capitalist system. The realization problem became extraordinarily acute. If at the first stage of the general crisis of capitalism the aggravation of the realization problem expressed itself in the established relative stability of the capitalist market, at the second stage of the general crisis of capitalism a narrowing of the capitalist market and a contraction of the sphere of application of the main capitalist countries' forces to world resources are taking place. This reinforces the contradictions of capitalist reproduction and the decline of the economy of capitalist countries.

Examining the influence of the split of the capitalist market on the process of reproduction, I. V. Stalin pointed out: "It is obvious 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 contract, the cyclical character of the development of capitalism—growth and contraction of production—must nevertheless remain. However, the growth of production in these countries will take place on a narrowed basis, for the volume of production in these countries will contract"[274].

The contradictions of contemporary capitalism are significantly exacerbated by the fact that the unfolding expansion of American imperialism intensifies the disorganization of the economy of other capitalist countries. The attempts of reactionary, imperialist circles to find a way out of economic difficulties along the paths of economic militarization and a rabid arms race have still further intensified the contradictions of capitalism giving rise to chronic unemployment.

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[274] I. Stalin, Economic Problems of Socialism in the USSR. Gospolitizdat, 1952, p. 56.

In the first post-war years, the expansion of the basis of mass chronic unemployment was glossed over, firstly, by the fact that during the Second World War a large number of people of working age died; secondly, by the fact that after the Second World War, in connection with the rampage of militarism in all capitalist countries and especially in the USA, the number of people in the armed forces and engaged in the production of military output increased significantly compared to the pre-war period. Thus, for example, in the armed forces and in the production of military output, even according to official, significantly understated data, about 9 million people were employed in the USA in recent years[275].

Despite this, mass chronic unemployment is currently intensifying everywhere in the capitalist world. This is one of the most important indicators of the intensification of the general crisis of capitalism and the growth of parasitism and decay of the capitalist system after the Second World War.

In the United States, whose industrial output constitutes more than half of the output of all capitalist countries, industrial production throughout the entire post-war period was at a lower level than during the war years. Thus, the physical volume index of US manufacturing output constituted (1943 = 100): in 1947—75.2%, in 1948—76.6%, in 1949—71%, in 1950—81%, in 1951—88.7%, and in 1952—88%. The reduction in the volume of industrial production and intensified labor intensity conditioned the growth of chronic unemployment. Even according to falsified bourgeois statistics data, the number of fully unemployed increased compared to 1944 in 1945 by 1.55 times, in 1946—by 3.4 times, in 1947—by 3.2 times, in 1948—by 3.1 times, and in 1949—by 5 times.

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[275] "Economic Report of the President". Washington 1952, p. 52; "Monthly Labor Review", May 1953, p. 545.

Unemployment mounted at particularly accelerated rates in 1949, during the period of the new economic crisis in the USA. The Census Bureau claimed that the number of fully unemployed in the USA in July 1949 was 4.1 million people. Progressive economists from the electrical workers' union showed that this was a deliberately understated figure and calculated that in the USA in 1949 there were no less than 6 million fully unemployed. The number of partially unemployed increased particularly in post-war America, and they are currently significantly more numerous than before the war. According to official data from the Bureau of Labor Statistics, there were 6,980 thousand partially unemployed in the USA in 1940, 7,281 thousand in 1946, 7,918 thousand in 1947, 10,408 thousand in 1948, and 11,797 thousand in 1949.

In addition, American statistics single out the category of "having work, but not working at the time of the census" for various reasons. After the Second World War, in connection with the growing instability of the American economy, this category of persons—essentially the same as unemployed—also increased: they constituted 1,190 thousand in 1940, 2,260 thousand in 1946, 2,473 thousand in 1947, 2,752 thousand in 1948, and 2,530 thousand people in 1949. Official statistics usually classify this category of the gainfully employed population among the "employed."

It is very important to note that in the post-war years in the USA there has been an absolute reduction in the number of persons fully employed in civilian production. The predominant part of the gainfully employed population increment is absorbed by the increase in the personnel of the armed forces, as well as persons employed in military production and the bloated state apparatus serving mainly the war machine of American imperialism. The rest replenish the ranks of the unemployed. This is confirmed even by official statistics data. From 1947 to March 1953, the total gainfully

employed population of the USA increased by 5 million people. Over this period, the size of the armed forces and state employees increased by approximately 3.26 million, and the number of fully unemployed and partially unemployed—by 750 thousand people.

Thus, over 80% of the entire increment in the US gainfully employed population over this period fell to the share of the armed forces, state employees, and unemployed. The number of fully employed in all spheres of activity, excluding state employees, increased over 1947–1953 by only 1 million people (20% of the total gainfully employed population increment). At the same time, it should be borne in mind that over these years the number of people engaged in the production of military output increased manifold. Even Truman was forced to admit that in 1951 about 5.5 million people were engaged to one degree or another in fulfilling the arms program.

At present in the USA, the number of people working in the sphere of civilian activity is much smaller than in 1947 and fluctuates at the level of pre-war years. According to rough calculations, in April 1952, 35.5 million people were fully employed in the sphere of civilian activity against 35.4 million people in 1940 (excluding state apparatus employees and persons engaged in fulfilling the arms program). Over the same period, the total gainfully employed population of the USA increased by 9.2 million people[276]. In 1952 in the USA there were no fewer than 13 million fully and partially unemployed, which constitutes about 25% of all workers and employees in the USA.

The working people of other countries of the capitalist world also suffer from chronic unemployment. Under the influence of labor intensification, the arms race, the ruinous competition of

[276] Data calculated on the basis of materials published in "Statistical Abstract of the United States 1951"; "Monthly Labor Review", May 1953, p. 545.

American monopolies, the deep disruption of international economic ties, the artificial restriction of trade with the USSR and the countries of people's democracy, and the impoverishment of working people, chronic unemployment is increasing in all countries of capital.

In 1952 in Japan there were about 10 million, in Italy—5 million, in West Germany—3 million, in France—2.5 million, in England—1.2 million, and in Belgium—381 thousand fully and partially unemployed. Thus, in the USA and the enumerated countries in 1952 there were over 35 million fully and partially unemployed. In Austria, Holland, and Denmark there were 556 thousand fully unemployed in 1952. According to United Nations data, in the capitalist countries of Western Europe the number of fully unemployed in 1952 was at the level of 1938—i.e., the period when the regular economic crisis broke out[277]. The same workers remain unemployed for a prolonged period. In West Germany in September 1951, 30% of the unemployed had been out of work from 6 months to one year, and 27%—for over a year.

Unemployment among agricultural workers is very significant. According to official data, in Italy at the end of 1949 there were over 600 thousand unemployed in agriculture. However, official statistics do not take partial unemployment into account. About a million Italian farm laborers "do not fall" into the number of unemployed, although they work only 100-120 days a year. In addition, in Italian agriculture there is enormous hidden unemployment. According to official data, there are 2,700 thousand Italian peasants who are "surplus" because they cannot count on obtaining work[278].

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[277] See "For a Lasting Peace, for a People's Democracy!", April 3, 1953.

[278] See "Condition and Struggle of the Working Class of Capitalist Countries of Europe after the Second World War". Publishing House of the USSR Academy of Sciences, 1952, p.

Hidden unemployment is also great in the agriculture of Japan, the USA, France, and especially colonial and dependent countries.

The decay of contemporary capitalism is manifested particularly strikingly in the fact that the growth of unemployment in the epoch of the general crisis of capitalism is taking place under conditions of a significant deceleration in population growth rates. Thus, average annual population growth rates for the period 1871–1913 were 2.1% in the USA and 1.1% in England, and for the period 1913–1949—correspondingly 1.2% and 0.5%. In France, population increased from 39,790 thousand people in 1913 to 41,550 thousand people in 1949, or by 1,760 thousand people.

In Germany, natural population growth is higher than in France. But in connection with enormous losses of people during the First and Second World Wars, the total population of Germany by the end of the Second World War barely exceeded the 1913 level. In Italy over 1913–1949, population increased on average by 289 thousand people per year, or by 0.6%.

Society's main productive force—the working class—is barbarously exploited. A significant part of society's labor resources remains idle or is used for unproductive purposes[279].

150.

[279] Losses from unemployment vividly expose the sores of contemporary capitalism. It is not surprising that bourgeois economists and statisticians strive in every way to minimize these losses. Thus, the American bourgeois statistician Isador Lubin in his testimony before the Temporary National Economic Commission of the US Senate stated that over 9 years—from 1930 to 1938—43 million man-years were lost as a result of unemployment. According to our calculations, over 1930–1938 as a result of unemployment in the USA, 126 million man-years were lost. Lubin calculated losses from unemployment as the difference between those employed in a given year and the number employed in 1929. These calculations do not take into account, firstly, the annual increment in the gainfully employed population

According to our rough calculations, losses from unemployment for 1946–1950 amounted to about 50 million man-years. In addition, the exploiting classes and their servants lead an idle lifestyle—they do not work and live on unearned incomes extracted through the exploitation of working people. Enormous losses of labor power are also conditioned by the increase in the number of persons engaged in unproductive labor.

In modern America, losses of labor power as a result of unemployment, the idle lifestyle of the ruling classes, the growth of the population engaged in unproductive labor, and the drafting of a large number of people into the armed forces amount to over 30 million man-years. If we consider that in 1950 the number of workers and employees in the spheres of material production and the gainfully employed population in agriculture constituted 29.6 million people, it becomes clear how great the losses of labor power are in the USA.

The transition from manual labor to machine labor and the development of machine technology itself have conditioned an enormous growth in the productivity of social labor. In the USSR and the countries of people's democracy, the rise in labor productivity leads to an elevation of the material well-being and cultural level of the people. Under capitalism, however, the growth of labor productivity only intensifies the sufferings of working people; it generates a colossal army of unemployed and creates opportunities for intensifying the parasitism of the ruling classes.

At all stages of capitalist development, the working class has suffered cruelly from unemployment. The impact of unemployment on the impoverishment of working people and

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after 1929; secondly, losses from unemployment that also existed in 1929; and thirdly, losses from partial unemployment.

Concurrently, we note that some of our economists uncritically use Lubin's calculations to characterize losses from unemployment.

the raising of the degree of their exploitation has intensified particularly in the epoch of the general crisis of capitalism. Unemployed in capitalist countries either receive no allowances at all or receive them in such meager amounts that they are insufficient to ensure a semi-starvation existence for the unemployed themselves, not to mention members of their families.

In the USA, both social insurance laws in individual states and federal legislation do not extend to agricultural workers, workers and employees engaged in so-called non-profit enterprises and public organizations, domestic servants, etc., and in 22 states they do not extend to all those employed at enterprises with up to 8 workers.

In all states, unemployed persons who for health reasons cannot immediately start work, as well as workers who lost their jobs in connection with strikes, do not receive allowances. Maximum periods for paying unemployment benefits range across individual states from 16 to 20 weeks, although unemployed persons cannot find work for a number of years. The 81st Congress passed the so-called Knowland "amendment," according to which the circle of unemployed receiving allowances is narrowed still further. The "amendment" granted state authorities the right to remove from allowances persons refusing offered work, even if it were completely unsuitable and paid significantly lower than analogous work in a given area.

In addition, according to the Knowland "amendment," employers' contributions to the insurance fund must not exceed 3% of wages; they must come at the disposal of state authorities and be spent in accordance with state laws under the control of the Department of Labor. In other words, local authorities have now acquired greater opportunities to use the unemployment benefit system for the purpose of developing strikebreaking and fighting progressive trade unions and

democratically minded workers.
All these subterfuges are aimed at narrowing as much as possible the circle of persons enjoying the right to receive unemployment benefits. Thus, even according to official data, in December 1950 in the USA, 800–900 thousand people received unemployment benefits, although the number of fully unemployed and partially unemployed by that time amounted to 14,371 thousand people.
The amounts of unemployment benefits in almost all states range from 3–10 dollars to 20 dollars a week, which constitutes from 4 to 25% of the officially calculated living wage.
In France, fully unemployed persons formally have the "right" to a miserly allowance averaging 250 francs per day (the franc is little more than one kopek). At the same time, the disbursement of allowances is surrounded by a whole series of such conditions that result in only an insignificant part of the unemployed receiving these allowances.
In Italy, the unemployment benefit amounts to 220 lire per day, which barely suffices to buy 2 kg of bread. Unemployed persons receive benefits only for six months and on condition that they previously paid unemployment insurance contributions for 52 weeks. In 1952, only 10–12% of the unemployed received this beggarly allowance.
The unemployed and their families are in extremely difficult conditions. As a rule, they live in slums, suffering from hunger and poverty. They are deprived of the opportunity to use medical assistance in case of illness.
Even in official government reports it is stated that the unemployed in capitalist countries are in a disastrous situation. Thus, in one of the reports of the New York Bureau for Assisting the Unemployed, the difficult situation of the unemployed was noted: an inspection covering 6,304 families revealed that 81% of the families were underfed, and 25% were in acute need of fuel. Family breadwinners remained without

work for prolonged periods—from 4 months to 2 years.
The situation of the unemployed in capitalist countries worsened significantly after the Second World War, under conditions of the rampage of militarism and the arms race. Unemployed suffer particularly from inflation, from the enormous growth of prices for mass consumption goods. In 1951, the cost of living index increased in England by 2 times, in the USA—by 2.8 times, in France—by 22.8 times, and in Italy—by 53.2 times compared to 1938. When considering that the cost of living is rising steadily while unemployment benefit amounts are rarely revised and change little, it becomes understandable how sharply the situation of the unemployed worsened as a result of the inflation of the war and post-war years.
The Soviet delegation at the Peace Congress received a letter from an American unemployed worker. He wrote: "Gentlemen! US politicians claim that America has a high standard of living. They lie. A high standard of living exists far from for everyone. How do millions of unemployed live? How do old people live? How do I live?
I am an unemployed industrial worker, fully able-bodied. During the war and until June 1948 I worked as a radio receiver and amplifier assembler. In June of last year the factory closed. I began looking for work at other factories, but nothing came of it. Then I traveled to other cities, trying to find at least some work, but everywhere it was the same: either workers were not needed, or I turned out to be too old (I am over fifty). Besides radio and electrical engineering I worked in the textile and shoe industry and did various other work. I received unemployment benefits—now I no longer receive them. I spent all my savings on traveling around cities and looking for work. Ahead of me are need and hunger. That is the 'high' standard of living in the United States..."
"Pravda" published a letter from an unemployed worker named

Heinz from West Berlin. "The year 1952," Heinz wrote, "brought me further impoverishment. My 'chicken coop' made of boards and plywood, in which I live with my wife and four children, has completely dilapidated. The roof no longer protects us from the rain. The wind breaks into the room through cracks. There is no money for repairs, and the unemployment allowance does not even suffice for food." Unemployment affects youth with special severity. Young workers in capitalist countries experience great tribulations before getting a job and acquiring a qualification, if they succeed in doing so at all. A young American worker wrote: "I am 27 years old, but I look 16-17 years older than my years, because I experience on myself all the vices of the vile, I emphasize—vile capitalist system. Believe me, workers in America are not as satisfied as the State Department tries to convince foreigners. We are charged exorbitant taxes. We are forced to live in constant fear for tomorrow. I am unemployed. Unemployment is so unbearable for me and for all of us! It provides the opportunity to use us as a whip against workers who have work"[280]. In West Germany at present 1,625 thousand young men and women are unemployed or have no profession. Mass chronic unemployment is a source of rising mortality, morbidity, in particular mental illnesses, suicides, prostitution, etc.

Japanese female textile workers wrote to the English textile workers' union: "Girls deceived by recruiters, who have become spinners or textile workers, are forced to perform forced labor until late at night, and when a trade slump occurs, they are kicked out onto the street, and having not a penny to

[280] "For a Lasting Peace, for a People's Democracy!", March 30, 1951.

their name, they are forced to become prostitutes. Such is the fate of girls who fell into working in the textile industry"[281].
To avoid death by starvation, the unemployed in Japan frequently sell themselves and their children into slavery. According to Japanese police data, during 1952, 11,200 cases of human trafficking were registered—almost twice as many as in 1951.
Not only the unemployed suffer from unemployment, but also those who have work. Unemployment conditions a decline in wages, creates uncertainty about tomorrow among employed workers, and poses a constant threat of losing their jobs. Thus, in the USA over the 1930–1937 cycle, the average annual wage of workers employed in industry, rail transport, and construction—excluding the unemployed—amounted to 1,120 dollars, and including the unemployed—730 dollars.
During periods of significant increases in unemployment, the wages of workers employed in production also drop substantially. The real wages of the American worker fell over 1929–1932 by 14%[282]. At the same time, the intensive growth of labor intensity continued.
In US manufacturing, hourly worker output increased over 1929–1937 by 16%.
After the Second World War in all capitalist countries, simultaneously with the growth of unemployment, workers' real wages are declining, taxation of working people is

[281] "Pravda", December 31, 1952.

[282] Data calculated on the basis of materials published in the book S. Bell, Productivity, Wages and National Income. Washington 1940, p. 21.

increasing, nutrition and housing conditions are deteriorating, and morbidity and mortality are rising. In France and Italy, workers' real wages in 1952 constituted less than 50% of pre-war, and in England were 20% below pre-war. In West Germany, where even before the war under the Hitlerite regime workers dragged out a beggarly, semi-starvation existence, real wages by the end of 1951 declined compared to 1938 by 30–35%. The average wage of industrial workers in West Germany, even by the admission of the social-democratic press, in January 1953 barely reached 2% of the living wage. When also considering the enormous army of unemployed, pensioners, and other persons (approximately 10 million people) living on beggarly allowances, it turns out that the average level of wages of workers was much lower. The real wages of Japanese workers in 1953 constitute only half of pre-war; the 8-hour workday law is constantly violated. A 10-hour workday is considered "normal," but there are not a few enterprises where workers are engaged for 14-15 hours a day. At many Japanese plants, workers are granted a day off once every three weeks.

Chronic unemployment exacerbates the principal social-class contradiction of capitalism—the contradiction between labor and capital.

In response to workers' dismissals and their ever-greater exploitation, the struggle of the working class for its rights and interests intensifies.

In all capitalist countries, forces fighting against imperialist bondage, for freedom and democracy, are growing and rallying. The strike movement is growing. Contrary to the treacherous activity of reactionary trade union leaders and

despite draconian anti-worker laws operating in capitalist countries along the model of the fascist Taft-Hartley Act, the strike struggle of the working class is expanding more and more. In the USA, the number of strikes increased from 2,862 on average over the five-year period 1935–1939 to 4,737 in 1951 and 4,950 in 1952, and the number of strikers correspondingly grew from 1,130 thousand to 2,220 thousand and 3,500 thousand people.

Workers of other countries also offer a powerful rebuff to reaction. The strikes in France and Italy, unprecedented in their scale, speak eloquently enough of this.

The enormous growth of unemployment did not break the working class's will to struggle for the improvement of its living conditions, but strengthened it. The hunger marches of American unemployed to Washington, the heroic struggle of Italian workers against the closure of factories and plants, mass demonstrations of unemployed in West Berlin against the provocative actions of American warmongers and their Adenauerite henchmen refute the reformist ravings of the right-socialist servants of monopolies about unemployment allegedly leading to a decrease in the activity of the working class and a weakening of its struggle.

The great conquests of the country of socialism, where on the basis of the dominance of public socialist ownership, the steady growth of productive forces, and the planned development of the national economy, unemployment and agrarian overpopulation have been eliminated forever, inspire the working people of all countries to struggle for their interests, against exploitation and oppression. In the USSR, as well as in the countries of people's democracy, the right of all citizens to

work has been realized, and the well-being of working people is rising steadily.

The growth of chronic unemployment in capitalist countries vividly testifies to the decay of contemporary capitalism and the inevitability of its replacement by the most progressive, communist system.

Questions of Economics, No.9, 1953.

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ON THE QUESTION OF THE FORM AND CONTENT OF CERTAIN ECONOMIC CATEGORIES UNDER SOCIALISM

The categories and laws of political economy in their totality constitute a theoretical reflection of the economic system of society and the lawful process of its development.

The categories and laws of political economy are successive logical steps in cognizing the economic life of society and the processes of its development. The discovery of economic laws is preceded by a comprehensive analysis of economic phenomena. The study of the economic system of a given society begins with the investigation of the most widespread and frequently recurring economic phenomena, which are logically generalized in the form of categories of political economy. Only a deep study of economic phenomena makes it possible to reveal their internal connection with other phenomena and thus hit upon the trail of economic regularities. In turn, the discovery of economic laws makes it possible to provide a scientific explanation of the interconditionality and interconnection of economic phenomena inherent in a given society. Thus, it would be impossible to uncover the law of value without an analysis of the commodity, or the law of surplus value without an analysis of the commodity specific to capitalism—"labor power". At the same time, a deep cognition of commodity production is unthinkable without knowledge of

the law of value, and cognition of its highest form—capitalist production—without knowledge of the law of surplus value.

Every society has its own special economic system inherent only to it. Therefore, the categories and laws of political economy bear a historically transient character. They are short-lived. They reflect the features of a given format and lose their significance under new historical conditions. However, various formations also have common features. There is not a single society without labor, production, and reproduction, without ownership of the means of production and production output, without an economic basis. General definitions valid for all historical epochs do not reveal the specifics of any mode of production. Nevertheless, they are of immense importance in analyzing the specific economic categories and regularities of any formation, since they reveal those general economic conditions without which no society is conceivable. Proceeding from general definitions of labor, production and reproduction, ownership, and the economic basis, it is necessary to trace the special historical form of their manifestation.

Specific economic categories must include those categories whose emergence and development are connected with certain historical conditions. Such conditions are: 1) a historically definite type of production relations, forming the economic content of a given social formation; 2) commodity production and commodity circulation, which do not exist under all historical conditions, although they retain their force in various socio-economic formations.

The specific economic categories operating under socialism can be divided into two groups: categories that arise only under

socialism, and categories that are connected with the existence of commodity production and which, consequently, operated in pre-socialist formations but retain their force for socialist society as well. Those economic categories that express specifically historical capitalist production relations have lost their force under socialism. Thus, for example, under socialism labor power has ceased to be a commodity, and the means of production are not capital. With the elimination of the exploiting classes and the exploitation of man by man, the division of working time into necessary and surplus time, and of labor into necessary and surplus labor, loses its force. But under socialism, economic categories connected with commodity production are preserved and used in the interests of society. These include the commodity, value, money, price, trade, credit, banks, wages, etc.

Such economic categories as commodity, value, money, and price arise and have force where and to the extent that commodity production exists. Such economic categories as credit and banks, although connected with commodity production and commodity circulation, receive their comprehensive development on the basis of capitalist production. These categories are at the same time an expression of the social character of production, a necessary form of expressing the economic relations of socialized production under which commodity production exists.

The peculiarity of such categories operating in the socialist economy is that in their form, in their external appearance, they resemble the categories of pre-socialist formations, whereas in

their content they differ radically from the latter, for they express a different type of economic relations.

What should be understood by the content and form of such economic categories?

By the content of economic categories, one must understand a historically definite type of production relations. By the form of economic categories, one should understand their external appearance, outward look, the manifestation of economic ties and relations. Therefore, it is entirely possible that the very same category (for example, commodity or wages) can express very different production relations through its form. In other words, the most diverse content may be concealed beneath the same form. This can be traced in a whole series of economic categories that existed in pre-socialist formations and are preserved under socialism.

Let us examine the form and content of such categories of the political economy of socialism as commodity, value, money, credit, banks, and wages.

The exchange of products as commodities appears in embryonic form even during the period of the decomposition of the primitive communal system. On the basis of the first major social division of labor (the separation of pastoral farming from agriculture), separated communities entered into economic ties in the form of the exchange of products as commodities. Penetrating inside communities, the exchange of commodities played, as is known, a major role in the decomposition of the primitive communal system. In the epoch of slavery, with the development of the social division of labor,

with the appearance of private property and the exploitation of man by man, commodity production receives further development. The production of products specifically for exchange arises—i.e., commodity production proper; along with this, money appears. Under the slave-owning system, the exchange of products as commodities takes place no longer between communities or members of communities, but between slave-owners, and to a certain extent between small private commodity producers. However, under the slave-owning system, commodity exchange and money do not penetrate into all economic relations. For example, in the Roman Empire during the period of its highest development, the monetary economy was fully developed only in the army, and it never encompassed the entire labor process as a whole. In the epoch of feudalism, with the further development of the social division of labor—and especially in the epoch of the decomposition of the feudal system—the sphere of operation of commodity production expands still further. The exchange of products takes place between feudal lords, and as the feudal system develops and decomposes—also between individual, scattered, small private commodity producers. Commodity production plays a major role in accelerating the decomposition of feudal relations and replacing them with capitalist relations.

In the epoch of capitalism, owing to the ramified system of the social division of labor and on the basis of capitalist ownership of the means of production, commodity production becomes all-embracing, and the commodity form of economic ties universal. Under capitalism, not only all consumer goods and means of production are bought and sold, but also people's

labor power itself: the relations of capitalist exploitation are clothed in the form of the purchase and sale of a peculiar commodity—"labor power". Thus, production relations between the main classes of bourgeois society appear in commodity form. However, beneath this form lie specifically capitalist production relations, which differ from the production relations of preceding formations. It was not commodity production that led to the emergence and dominance of the capitalist mode of production (although it played a major role in the decomposition of the feudal system and the preparation of the conditions for the capitalist system), but, on the contrary, the capitalist mode of production made commodity production all-embracing.

Under socialism, owing to the existence of two forms of socialist production, commodity production and commodity circulation inevitably are preserved in a limited sphere. Consequently, in a definite sphere, the commodity and value retain their force. But since there is no private property, and the commodity producers are associated socialist producers (the state, collective farms, cooperation), the content of these categories changes radically.

Thus, the commodity form of the products of labor, known to a number of social formations, expresses different content—i.e., different production and economic relations of people. What is common here is that the products of labor are produced not for the personal consumption of those who produced them, but for others, for social consumption, and moreover they enter into this consumption by means of exchange.

By the form of the commodity, it is necessary to understand the manifestation of economic relations and ties between various owners, presented in the exchange of products belonging to them. The commodity form of economic relations arises with natural necessity where and to the extent that the social division of labor and various owners of the products of labor exist. Under these conditions, various social groups (direct producers or owners) carry out the "mutual exchange of their activity" in the form of commodity exchange, in the form of purchase and sale.

By the content expressed by the commodity form of the products of labor, one should understand historically definite social-production relations, which can be relations between separated communities (under the primitive communal system), relations between slave-owners (under the slave-owning system), relations between feudal lords or small private commodity producers (under feudalism), relations between capitalists and between capitalists and workers (under capitalism), and, finally, relations between associated socialist producers—the state, collective farms, cooperation (under socialism).

Commodity production under socialism is not ordinary commodity production, but commodity production of a special kind. The predominant part of the aggregate social product—the means of production under socialism—does not enter the sphere of commodity circulation. Labor power has ceased to be a commodity. Land is neither bought nor sold. Articles of personal consumption assume the commodity form mainly. The sphere of commodity production under socialism is thus

limited, and commodity production is placed within definite bounds. Therefore, as it seems to us, the division of material values into production funds and circulation funds, carried out until now, requires clarification. The so-called circulation funds must be divided into direct distribution funds and circulation funds proper. To the former should be referred the output of branches producing means of production that enters economic turnover within the state sector; to the latter—consumer output that is realized in the order of commodity circulation between the two main production sectors and through retail commodity turnover (state, cooperative, and collective-farm-bazaar trade).

The commodity form of the products of labor thus undergoes essential changes under socialism. First of all, it does not encompass all ties between the two production sectors of socialist society. The decisive role in establishing such ties is played by the circumstance that the basic means of agricultural production (land, MTS machines) constitute all-people property. This exerts a determining influence on the character of commodity relations between the two main production sectors of socialist society as well. Economic ties between these sectors, outwardly appearing in commodity form, essentially differ radically from the commodity relations known to pre-socialist formations, and even differ from those commodity relations that existed between the socialist and small-commodity sectors in the transitional period from capitalism to socialism. The commodity output of collective farms, realized in the order of state deliveries, contracting, and other types of state agricultural procurements, goes not to any

buyer, but only to the state. The commodity output of state enterprises sold to collective farms (small agricultural implements, industrial goods in the order of "commodity provision (*otovarivaniye*)") also goes in this case not to any buyer, but only to collective farms. In both cases, the buyers and sellers are not private owners or even individual members of socialist society, but associated socialist producers. At the same time, prices are not formed spontaneously, but are established by the state plan, taking into account the requirements of the law of value, but guided primarily by the requirements of the basic economic law of socialism.

The commodity form of the products of labor entering social consumption through retail commodity turnover has its features. Soviet trade acts as state, cooperative, and collective-farm-bazaar trade. Only state and cooperative trade provides the opportunity to establish the price level and the volume of commodity turnover in a planned manner. As for collective-farm-bazaar trade, its volume and price level on the collective farm market are not directly established by state planning bodies. Only indirect regulation takes place here. As a result, in collective-farm-bazaar trade, individual collective farms and collective farmers can increase their incomes at the expense of buyers—mainly working people of socialist society. This can happen in those cases (and there) when (and where) commodity masses at the disposal of the state (represented by state trading organizations) and put into circulation at stable prices do not cover a significant part of the solvent demand of members of society—when, consequently, the state cannot exert a substantial influence on the price level on the collective

farm market. With the all-out development of state and cooperative trade, this specified possibility of income redistribution will diminish until it finally disappears.

A commodity under any social conditions has two factors: use value and value. Use value as such is outside the scope of research of political economy. It constitutes the subject of commodity science. Use value belongs to the domain of research of political economy only where it itself is a determination of the economic form. Thus, for example, in uncovering the secret of the origin of surplus value, Marx investigates a special use value of the commodity—"labor power"—and in analyzing the reproduction of total social capital, he proceeds from the division of the aggregate social product not only according to its value, but also according to its natural form. Use value is included in the sphere of economic research only when this is necessary for elucidating economic processes.

Value is an economic category. In value, Marx pointed out, there is not an atom of natural matter. It is a purely social phenomenon. Value is a historical category. It arises where and to the extent that commodity production exists, and disappears with the elimination of the latter. But since commodity production exists under very diverse historical conditions, value as an economic category can also express very diverse economic relations. Therefore, it is necessary to make a strict distinction between the form and content of value.

The content of value is materialized labor in its historically definite social form—abstract, homogeneous human labor, labor irrespective of the specific forms of its expenditure, but

not irrespective of the historical social conditions of production. Under commodity production, labor expended on the production of products cannot be expressed directly by the amount of time, the amount of working hours; the only possible form of expressing social expenditures under such conditions is value and its forms. Value is an indirect form of expressing socially necessary labor embodied in a commodity.

The highest product of the development of the form of value is the money form. In it, the value form of expressing economic relations is crystallized. The money form is historically inherited and used by our society for accounting labor expenditures on the production of products in distributing the means of production among various branches and in the individual distribution of consumer goods according to labor, in commodity turnover between town and country, and in planning the volume of produced output. The money form under socialism is thus universal for expressing social labor expenditures on the production of products. With its help, social expenditures on the production of products that are not commodities are also expressed.

In the latter case, this is a purely formal moment: value and its forms are used here only for accounting and comparing social labor expenditures. But in this sense too, it is of very great importance. True, it ceases to express here the content corresponding to its nature, since value and its forms are forms of commodity production.

Thus, the value (monetary) form under socialism can have a content adequate to its nature if it encompasses the sphere of commodity production and commodity circulation, and can

express a content different from its nature when it comes to the economic turnover of the means of production. Under commodity circulation, value and its forms express content corresponding to the nature of value—i.e., the relations of two owners entering into an act of exchange. During the economic turnover of means of production within the state sector, value and its forms do not express relations between various owners; value and its forms serve only for accounting social labor expenditures. Therefore, in the sphere of commodity circulation, value plays the role of a regulator, within certain limits of course. In socialist production, however, the law of value does not play the role of a regulator.

In money, the differences between the form and content of economic categories under socialism appear even more clearly. Money is a product of later origin than the commodity, but it was also known to the epochs of slavery and feudalism. It is preserved under socialism as well, inasmuch as commodity production and commodity circulation are preserved. But the purpose and functions of money under socialism change radically.

Money is a necessary form for expressing and accounting social labor expenditures under commodity production. Under capitalism, the accounting of labor expenditures of individual private producers both in qualitative and quantitative terms is carried out behind the backs of producers, on the market, by means of market price fluctuations, spontaneously. Under socialism, owing to the dominance of all-people ownership over the basic means of production, the sphere of commodity production and commodity circulation is limited, and at the

same time the role of money is limited and its nature has changed radically. Money under socialism is not a universal equivalent in the strict sense of the word, since a large part of the products of labor, as well as land, are not commodities and consequently have no value. Although the means of production retain the outer shell of a commodity and labor expenditures on their production are expressed in money, this monetary form must not be confused with money as a universal equivalent. Money in our conditions acts in the role of a universal equivalent not in relation to all products of production, but only in relation to those of them that are commodities. In our conditions, money acts as a universal equivalent mainly only in relation to articles of consumption.

However, the monetary form of accounting social labor expenditures continues to remain universal and extends to the means of production. This is explained by the following reasons. As long as commodity production is preserved, even in a limited sphere, social accounting of labor expenditures both in qualitative and quantitative terms throughout the entire national economy can be carried out only in value form, and therefore in monetary form. It is impossible to apply two measures simultaneously for determining social expenditures: one for output entering the sphere of circulation, and another for output entering direct distribution. Economic relations encompassing the entire national economy as a whole are so closely intertwined and interconditioned that a unified form of accounting labor expenditures on the production of products is established with objective necessity. And such a form under the conditions of the existence of commodity production can only

be value with its forms. Besides, it should be noted that the accounting of social labor expenditures at enterprises producing means of production must inevitably take monetary form simply by virtue of the fact that wages are paid in monetary form. Therefore, the historically inherited form of accounting labor expenditures—money—is used.

Money is a concrete form of embodying abstract human labor. This form of expressing social labor expenditures is also used under socialism. But here we are talking precisely about the use of the economic form, and not its content. The content of any economic category is determined by the character of given, concretely historical production relations. Therefore, with a radical change in production relations, the content (nature) of money changes radically.

In pre-socialist formations, during various historical periods, certain functions of money receive further development, and this undoubtedly signifies the development of the very nature of money. But at the same time, the nature of money does not undergo any radical changes, since private property lies at the basis of production relations under the slave-owning system, feudalism, and capitalism. Therefore, money, as a form of embodying material wealth, during the indicated historical periods was an instrument of private owners, a means of exploitation and enslavement of man by man. Since capitalist production represents the highest form of commodity production, money—the product of commodity exchange—receives comprehensive development only under capitalism. Here all things and objects appear in a "gilded" form. Their real

value is determined by the possibility of their conversion into money.

Under socialism, money has ceased to be a means of exploitation and enslavement of man by man. It has turned into an instrument for building socialism and communism. This radical change in the nature of money is conditioned by radical changes in economic relations, consisting primarily in the replacement of private property in the means of production by public socialist property.

The monetary form makes it possible to exercise control and accounting over all social production. In the transitional period from capitalism to socialism, the necessity of using this instrument of commodity production was dictated not only by the existence of small-commodity production, but also by the presence of capitalist elements in the national economy. Under socialism, the necessity of preserving the monetary form is explained by the presence of commodity production of a special kind, conditioned by the existence of two forms of socialist production. Under communism, when there will be a single all-embracing sector with the right to dispose of all consumer output of the country, the necessity for value and its forms will vanish. Along with this, money will also lose its significance. But as long as two main sectors of socialist production exist, commodity production and commodity circulation are inevitably preserved, and along with them value and its forms. Under these conditions, the preservation and use of money as an indirect form of accounting social labor expenditures are a necessity.

Radical changes have taken place in the nature of individual functions of money. Outwardly, all four functions of money are preserved under socialism. Our money serves as a measure of value, a means of circulation and accumulation, and it also performs the function of payment. But already in its first function, they reveal a new nature. Soviet society uses money as a measure of social labor expenditures in determining the cost of production and in establishing the price level. But in relation to the means of production, money cannot be a measure of value in the strict sense of the word: the means of production in the sphere of economic turnover within the country are essentially not commodities, and consequently not values.

The function of money as a means of circulation has changed radically. Outwardly, this function of money differs in no way from the same function of money under capitalism. Even the quantity of money necessary to service the circulation process of a known mass of commodities is strictly determined by the laws established by Marx in relation to commodity circulation in general. And yet the content of this function is different. Under private commodity production, it provides the form of movement for the contradiction between private and social labor inherent in the commodity. Under socialism, there is no private labor, and therefore the function of money as a means of circulation does not express the contradiction between private and social labor.

The function of money as a means of accumulation essentially undergoes radical changes as well. Money, as the direct form of embodying wealth, is the most suitable means of

accumulation. No matter how this function of money changed over the course of the three formations preceding socialism, its nature remained the same: money was a form of accumulating wealth in the hands of private individuals. Under socialism, money becomes a means of accumulation either in the hands of the state, cooperation, and collective farms or in the hands of working people of socialist society. Of course, in individual cases, certain speculative elements can use money as a means of accumulation, as was the case during the war. But under the conditions of the socialist economy, this cannot lead to the concentration of means of production in the hands of individual persons or individual collectives, for means of production (meaning basic means of production) in our society within the country are sold to no one; they are only distributed by the state among its enterprises. The accumulation of money in the hands of individual persons cannot lead in socialist society to the exploitation of man by man. Besides, the governing bodies of socialist society have at their disposal the necessary levers to suppress the accumulation of money in the hands of speculative elements.

Money as a means of payment receives comprehensive development only under capitalism, although this function of money, like others, was known long before capitalism. The content of this function is generally different for different historical periods. One must not confuse relations between usurers and debtors of the ancient world with relations between creditor and debtor under capitalism. And yet pre-socialist formations do not know radical differences in the content of this function, since the function of payment expresses relations

between debtor and lender as private owners, and ultimately relations between antagonistic classes.

Under socialism, the function of money as a means of payment only outwardly resembles the function of a means of payment in pre-socialist formations. Thus, in carrying out non-cash settlements within the state sector, money in this function of its merely formalizes economic ties between supplier enterprises and customer enterprises, but expresses neither relations of subordination nor, all the more, relations of enslavement. The necessity of preserving and using the function of money as a means of payment is dictated by the preservation of the monetary form of accounting social labor expenditures and constant control through this form over the course of fulfilling economic plans. In payments affecting relations between the two main sectors of socialist production or between individual members of socialist society and the state (for example, payments for communal services), control is exercised over the use of material values or provided services.

Comprehensive and full use in the interests of socialism of value and its forms, and above all money, would be impossible without the preservation of banks and credit.

Banks and credit are to a greater extent specifically capitalist categories than the commodity and money. The social character of production in its specifically historical form—in the form of capitalist production—is the material basis for the comprehensive development of both banks and credit. Marx pointed out that the banking system by its organization and centralization represents the most perfect apparatus that the capitalist mode of production creates in general. On the other

hand, the development of banks and the credit system contributes to a large extent to the socialization of production under capitalism. In the banking system created by capitalism, there is given, as Marx pointed out, the form of public bookkeeping and distribution of the means of production on a social scale, but only the form[283].

V. I. Lenin had the use of this form in mind when, on the eve of the Great October Socialist Revolution, he wrote: "Large banks are that 'state apparatus' which we need for the realization of socialism and which we take ready-made from capitalism, our task here being merely to cut off what capitalistically mutilates this excellent apparatus, to make it larger, still more democratic, still more all-embracing. Quantity will turn into quality. A single, largest of the large state banks, with branches in every volost, at every factory—that is already nine-tenths of the socialist apparatus. That is all-state bookkeeping, all-state accounting of the production and distribution of products, that is, so to speak, something like the skeleton of socialist society"[284].

The practice of socialist construction has fully confirmed this genial foresight of V. I. Lenin. The State Bank of the USSR with its ramified system now represents not only a system of public bookkeeping, but also a powerful center for regulating socialist production, for exercising control over the course of fulfilling national economic plans.

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283 See K. Marx, *Capital*, Vol. III, 1953, p. 620.

284 V. I. Lenin, *Works*, Vol. 26, p. 82

Naturally, the matter was not and is not limited to using the ready-made form obtained from capitalism. The credit system and the banking apparatus were modified and improved in accordance with changing economic conditions in the course of socialist construction.

Prior to the credit reform of 1930, when so-called commercial crediting and bill circulation were still preserved, the bank performed bill discounting operations. The commercial crediting system did not allow the State Bank of the USSR to directly control the course of fulfilling production plans of socialist enterprises. The State Bank did not have the opportunity to plan credit operations either. By discounting bills of supplier enterprises, the bank did not know who the actual recipient of the credit was, since there was no direct connection between crediting and the real economic process. Before the credit reform, direct settlements between economic organizations were carried out not only with bills, but also with cash. As a result the State Bank was not a single settlement and cash center of the socialist national economy.

By 1930, radical changes had occurred in the economy of our country: the USSR entered the period of full-scale socialist construction across the entire front. The specific weight of socialized industry in the gross output of all industry in 1929 was 89.5%; in 1930 it reached 94.4%. The sown area of state farms and collective farms in terms of spring crops exceeded 40% of all crops in the USSR. Under these changed economic conditions, the urgent task arose of turning the State Bank of the USSR into a single settlement and single cash center of the entire socialist national economy. The necessity arose of

transitioning from commercial crediting to direct bank crediting.

By a number of party and government resolutions, the activities of the State Bank and the credit system were reorganized in accordance with the new tasks of socialist construction. In the resolution of the Central Committee of the All-Union Communist Party (Bolsheviks) "On the Reorganization of Management of Industry" of December 5, 1929, the necessity of precisely determining the size of funds allocated to enterprises to fulfill their production program was pointed out. The implementation of this resolution required the liquidation of unscheduled redistribution of funds practiced under commercial credit. As a result of the credit reform carried out by the resolution of the Central Executive Committee and the Council of People's Commissars of the USSR of January 30, 1930, all short-term crediting of the national economy was concentrated in a single center—the State Bank of the USSR. The resolution of the Council of People's Commissars of the USSR of March 20, 1931, which uncovered distortions in the implementation of the credit reform, clearly and distinctly defined the main task of the State Bank—to become a settlement organization for the socialized economy, an all-state apparatus for accounting the production and distribution of products. The government resolution of March 20, 1931, liquidated the practice of blanket crediting "under the plan," restored the contractual system of relations between economic organs and their mutual responsibility for fulfilling their obligations. It envisaged the introduction of repayable, urgent, and targeted crediting of seasonal production processes and

procurements of agricultural products. This government measure was concretized by the resolution of the Council of Labor and Defense (STO) of July 23, 1931, "On Working Capital of State Associations, Trusts, and Other Economic Organizations," and then completed by the creation of a system of targeted, repayable, and срочного [urgent/term] crediting of economic processes.

The ever-increasing scale of capital construction required the creation of a centralized system of financing capital investments. By the resolution of the Central Executive Committee and the Council of People's Commissars of the USSR of May 5, 1932, the following were organized: Prombank, Selkhozbank, Vsekobank, and Tsekombank. In connection with this, the functions of the State Bank and special banks were strictly demarcated. The State Bank of the USSR carries out credit and settlement servicing of current production and circulation. Special banks organize the financing, crediting, and settlements of economic organs regarding capital construction.

Banks under very diverse historical conditions accumulate free monetary funds. Outwardly, this function of banks is also preserved under socialism. But by virtue of changed economic conditions, it undergoes a radical change. Accumulated monetary funds in the State Bank of the USSR are used not in the interests of private individuals and entrepreneurs, as is the case under capitalism, but in the interests of developing the entire socialist national economy, in accordance with the requirements of the basic economic law of socialism.

Consequently, new, socialist relations are concealed behind this outer shell of accumulating monetary funds.

The State Bank of the USSR is a single cash center. The duty of planning monetary circulation rests upon it. This new function of the bank could arise only on the basis of the socialization of the means of production. Capitalist banks do not perform and cannot perform the function of planning monetary circulation. They cannot perform this function by virtue of the very character of capitalist production, based on private-capitalist property, by virtue of the operation of the law of competition and anarchy of production. In contrast to capitalist banks, the State Bank of the USSR plans monetary circulation. In doing so, it relies on the law of planned development of the national economy and the basic economic law of socialism and takes into account the operations of the law of value and the laws of monetary circulation.

Along with the credit plan, the State Bank of the USSR draws up a cash plan. The cash plan includes all sources of cash monetary receipts into the State Bank and all types of cash expenditures of the State Bank. The most important articles of the revenue part of the cash plan are receipts from retail trade and public catering, and of the expenditure part—the payment of wages. Thus, the State Bank of the USSR has the opportunity to control the fulfillment of the commodity turnover plan for state and cooperative retail trade and wage fund expenditures across the entire national economy. Not a single bank of the capitalist world performs or can perform such functions, neither in essence nor in form.

Already these few examples illustrating the activity of the State Bank of the USSR convincingly testify to the fact that the banking system under socialism, while using the old functions of banks, acquires new functions as well, which arose and developed by virtue of changed economic conditions. Consequently, the old form of the very same economic category changes along with the change in content—i.e., with the change in the production, economic relations of people.

In their content, such economic categories as banks and credit under socialism differ radically from banks and credit under capitalism. Under capitalism, the content of credit is the movement of loan capital; under socialism, there is neither loan capital nor capital in general. Under capitalism, credit services the capitalist reproduction process; under socialism—the socialist reproduction process. In capitalist society, credit is a powerful lever for the centralization of capital; it exacerbates all contradictions of capitalism still further; under socialism, credit is an economic lever ensuring the continuous growth and improvement of all social production and the rise in the well-being of all members of society.

Radical changes in the nature of credit in the USSR are conditioned by the radical difference between the economic system of socialism and the economic system of capitalism. Consequently, the distinction between credit under capitalism and credit under socialism must be drawn not according to the form of these categories, not according to their external appearance, but according to their content—i.e., according to the type and character of the production relations expressed by them. If one proceeds from external visibility, from the form of

credit relations, ignoring their content, one can arrive at the incorrect conclusion that categories of capitalism are supposedly preserved under socialism as well. In its form, credit presupposes the provision by the owner of money or a commodity of a loan to another owner with repayment and at interest. Thus, in capitalist society under the banker form of credit, the bank provides credit to individual entrepreneurs or joint-stock companies to service the production process or realization of commodities.

The State Bank of the USSR performs an analogous role in outward appearance when it provides credit to individual socialist enterprises to service the production process and realization of output.

Such is the external form of credit as an economic category. However, the content of this category and the results of its action under socialism and capitalism are different. Capitalist credit, while socializing production under the preservation of the private form of appropriation, exacerbates the basic contradiction of capitalism still further and inevitably leads to new, increasingly destructive crises, to an intensification of the impoverishment of the working masses.

Socialist credit, however, contributes to the steady growth and improvement of socialist production and the raising of the well-being of the working masses on this basis. Only by drawing a strict distinction between the form and content of credit as an economic category is it possible to trace behind its external form the internal deep-seated processes revealing the radical difference between socialist credit and capitalist credit.

The differences of such an economic category as wages under the conditions of socialism and under the conditions of capitalism stand out even more sharply. Under capitalism, wages are a transformed form of the value and price of labor power. But wages, as an economic category, are preserved under socialism as well. If one approaches the analysis of wages under socialism superficially, solely from a formal point of view, one can arrive at the incorrect conclusion that categories of capitalism supposedly retain their force under socialism as well. If, however, one approaches the matter with a Marxist analysis and attempts to uncover behind the external form of wages its content, one can arrive at the only correct conclusion that under our conditions the content of this economic category has changed radically.

Wages in their form are payment for labor. In the first volume of *Capital*, Marx uncovered its essence behind this external form and showed that under capitalism wages in their content are nothing other than the value of labor power. Marx showed and theoretically proved the necessity of converting the value and price of labor power into wages as the only possible form of their expression.

Under socialism, wages in their external appearance—only in external appearance—resemble this same category of capitalist society. In their content, wages under socialism differ radically from wages under capitalism. And this is fully understandable, since under socialism labor power is not a commodity, and consequently has no value. Wages under socialism are essentially that share of the national income that goes to the personal disposal of working people in proportion to the

quantity and quality of labor they have given to society. By virtue of the operation, on the one hand, of the socialist principle of distribution according to labor, and on the other—the preservation, albeit in a limited sphere, of commodity production and circulation, the only possible form of distributing articles of personal consumption among workers and employees engaged at state socialist enterprises is wages.

The use of this old economic form is of exceptionally great importance for the development of our society. This is manifested particularly vividly in the example of piece-rate wages, which so successfully combine the social and personal interests of working people in socialist society. Forward movement toward communism would be impossible without our society's use of the economic category of wages. The correct and skillful application of the latter ensures the continuous growth of labor productivity and the raising of the well-being of the Soviet people.

Under the conditions of socialism, by virtue of the very character of socialist production and the peculiar content of wages as a form of implementing the socialist principle of distribution "according to labor," there is no absolute limit (like the value of labor power) that would limit the level of wages. Under capitalism, the growth of the productivity of social labor does not lead to a rise in the living standard of workers; its consequence is an increase in the surplus value appropriated by capitalists. In contrast to this, under socialism the growth of labor productivity leads to a rise in the well-being of workers, to an increase in real wages. Under socialism, in contrast to capitalism, the level of wages is in direct dependence on the

degree of development of production and the level of labor productivity.

The indicator of the growth of well-being of working people under socialism is the rise in national income. With the growth of national income in the USSR, real wages grow. Real wages of workers and employees in 1951 were higher than in 1940 by approximately 57%. The directives of the fifth five-year plan outline their further rise by at least 35%.

Thus, the examination of certain economic categories of socialism shows that it is necessary to draw a strict distinction between the content of economic processes and their form, between deep-seated development processes and surface phenomena. Only with such an approach to the matter can one correctly uncover and understand the essence of economic processes. J. V. Stalin taught precisely such an approach to economic research when he warned that "what has been preserved from the old categories of capitalism with us is mainly the form, the external appearance, while in essence they have changed radically with us in application to the needs of the development of the socialist national economy"[285].

The Communist Party of the Soviet Union in its practical activity in guiding the economic life of the country has always proceeded from a Marxist analysis of the historical process, drawing a strict distinction between surface phenomena and deep-seated development processes. This has ensured and

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[285] 3. J. Stalin, *Economic Problems of Socialism in the USSR*, Gospolitizdat, 1952, pp. 53–54

ensures the uninterrupted and correct guidance of the economic development of our country.

Questions of Economics, No.10, 1953.

A. KARAVAEV

ORGANIZATIONAL AND ECONOMIC STRENGTHENING OF COLLECTIVE FARMS

The Communist Party and the Soviet Government have set the task of sharply increasing the provision of the population with food and industrial goods within two to three years. To solve this task, we must first of all, as Comrade G. M. Malenkov stated in his speech at the Fifth Session of the Supreme Soviet of the USSR, take care of the further development and upswing of agriculture, which supplies the population with food and light industry with raw materials.

A decisive role in the further upswing of agriculture belongs to collective farms, which provide the country with the overwhelming mass of agricultural produce. It is precisely this that determines the paramount and crucial importance of the organizational and economic strengthening of collective farms.

The victory and consolidation of the collective farm system in the USSR opened up broad vistas for the development of productive forces in our country's agriculture and animal husbandry. Thanks to industrialization and collectivization,

agriculture was transformed from small-scale and backward in the past into the largest-scale and most mechanized in the world.

As in industry, the victory of socialism in agriculture revealed new sources of its growth and opportunities for continuous production upswing. These new sources of growth in collective farm and state farm production and the possibilities for its steady upswing are embedded in the very nature of socialist agriculture, the material foundation of the development of which is socialist ownership of the means of production and collective labor.

The pace of development of collective farm production intensified with the equipping of collective farms with new machinery, the raising of the culture of socialist agriculture, the strengthening of the socialist principles of organization and remuneration of labor in collective farms, and the raising of the political consciousness, organization, and discipline of collective farmers.

In the post-war period, as a result of measures adopted by the Communist Party and the Soviet Government, the Fourth (First Post-War) Five-Year Plan for the development of agriculture was successfully fulfilled. During the first post-war five-year period, sown areas under grain crops increased by more than 20%. In 1952, sown areas of all agricultural crops exceeded the pre-war level by 5.3 million hectares. Crop yields increased and gross harvests of agricultural crops grew. The livestock population in collective farms increased. Public collective farm and state farm animal husbandry became predominant in the country.

With the growth of gross output, the marketable portion of agricultural production increased significantly, which can be seen from data on the growth of state procurements. Thus, in 1952, raw cotton procurements amounted to 3,770 thousand tons, or 1.7 times more than in 1940; sugar beets—22 million

tons, or 30% more than in 1940. State meat procurements in 1952 amounted to 3 million tons, which is 1.5 times higher than the 1940 procurements; milk procurements—10 million tons, or almost 1.6 times more than in 1940. In addition, a large quantity of agricultural produce is realized by collective farms through cooperative trade and on the collective farm market. However, the level of agricultural production does not meet the growing needs of the population for food products, nor light industry for raw materials.

Agriculture possesses enormous but still poorly utilized reserves. As yet, by far not all collective farms successfully develop their public economy. Alongside advanced collective farms that have achieved outstanding success in developing the artel economy and, above all, in utilizing the primary means of production—land, there are quite a few lagging collective farms whose public economy develops slowly, although the general conditions of their development are identical to the conditions of advanced collective farms located in the same regions. The reasons for the lag of these collective farms lie primarily in low quality of management, unsatisfactory utilization of new machinery, achievements of agricultural science, and advanced experience. Due to the lagging of these collective farms, the country annually fails to receive a large amount of agricultural produce, and collective farmers of lagging collective farms receive few money and products per earned workday (trudoden), since the size of remuneration per workday depends entirely on the successes of the economic development of each collective farm.

Through the work-day (trudoden) in collective farms, not only is the share of the collective farmer's actual participation in public production determined, but also his right to receive from the public income distributed among collective farmers that share which corresponds to his labor participation in the public economy. The more successfully things go in the collective

farm, the faster its income grows, and the higher the value of the work-day. The more workdays a collective farmer's family has earned, the more money and products it will receive from the public economy, and the higher its material well-being will be.

Of very great importance in creating conditions for the rapid development of the public economy of collective farms was the amalgamation of collective farms carried out in 1950–1951. Small collective farms did not possess trained personnel and qualified management, and had a weak own material and production base. In a significant portion of small collective farms, a clear discrepancy arose between the achieved level of their technical equipment and the limited possibilities for the productive use of new machinery. In some small collective farms, the area of crop rotation fields was so small that the productive use of tractors and combines was excluded.

Meanwhile, in agriculture, as in industry, it is machinery and the mechanization of labor processes that constitute that new and decisive force without which it is impossible to successfully fulfill the task of further rapid upswing in agriculture and ensure high rates of its development.

Under capitalism, the development of agricultural machinery and its application in large capitalist households inevitably lead to the ruin of the huge mass of small and smallest households. The owners of these households are squeezed out of agricultural production and become destitute. Production is concentrated in the hands of a small capitalist upper stratum. Under capitalism, the spread of agricultural machinery and improved tools and the expropriation of the peasantry are phenomena inextricably linked to one another.

Under socialism, technical progress both in industry and in agriculture eases the labor of workers and enormously increases its productivity; it is a decisive factor in the development of productive forces and the upswing of the

material well-being of the popular masses. Under socialism, there is not and cannot be any contradiction between the growth of machinery, the further development of the national economy, and the interests of the working masses.

In the post-war period, the party and government paid enormous attention to equipping agriculture with new machinery. This made it possible to solve in a short time the task of restoring and further developing agriculture. However, the possibilities for the widespread application and productive use of new and newest machinery in collective farm production were limited by the size of small collective farms.

Precisely for this reason, the amalgamation of small collective farms became a vital necessity. It served as a most important means of overcoming the arising contradictions in the development of socialist agriculture, one of the main paths for its further upswing and the organizational and economic strengthening of all collective farms.

As a result of amalgamation, the total number of collective farms decreased from 254 thousand to 94 thousand. Accordingly, the sizes of collective farms increased in terms of land area, number of households, and number of able-bodied workers, and the level of their material and production base grew. As a result of the amalgamation of collective farms, not merely quantitative changes occurred, but such serious qualitative shifts that exert a major influence on their further development.

The point is not only that collective farms have become larger, although this is one of the most important factors for their further production upswing on the basis of more productive use of new machinery and the achievements of advanced Soviet agricultural science. The point is that now the most favorable conditions have been created for the universal growth of the culture of agriculture, for the broad development of all branches of collective farm production, for the mechanization

of labor processes not only in grain farming but in all branches of collective farm production, for the deployment of production construction in collective farms, and so on. The unification of a significant number of able-bodied workers in a single farm makes it possible to ensure the correct division of labor within collective farms, its specialization, and the upgrading of workers' skills.

Amalgamation introduced a substantial change in the organization and utilization of labor in collective farms, creating conditions for the correct combination of the work of tractor and field-growing brigades. In the overwhelming majority of collective farms, there are now party organizations, the role of which in collective farm construction is exceptionally great. All of this undoubtedly has and will continue to have an enormous impact on the development of all branches of collective farm production and on the organizational and economic strengthening of collective farms.

The amalgamation of collective farms opened up new opportunities for the rapid growth of labor productivity in all collective farms and, thereby, for a sharp increase in agricultural production, especially in those collective farms that lagged heavily before their amalgamation. But possibility is not yet reality. The amalgamation of collective farms in itself does not yet resolve the issue of their organizational and economic strengthening. We must not forget that the amalgamation of small collective farms, by increasing the volume of the public economy and raising the degree of concentration of production, complicated the tasks of managing collective farms. Moreover, it is precisely on the successes in solving the task of organizational and economic strengthening of collective farms that it largely depends how quickly and fully the enormous advantages of amalgamated collective farms will be utilized. At the same time, the fullest utilization of the new opportunities for developing the public economy and, above

all, the vastly grown material and technical base of collective farms, along with an all-out upswing in all branches of collective farm agriculture, constitutes one of the most important conditions for registry and economic strengthening of collective farms and the raising of the material standard of living of the collective farm peasantry.

Comrade G. M. Malenkov stated in his speech at the meeting of the Fifth Session of the Supreme Soviet of the USSR: "Our most important duty is to eliminate in the shortest possible time the neglect of agriculture in lagging regions and collective farms, to ensure the rapid development and strengthening of the public economy of collective farms, and on this basis significantly increase the output of money, grain, and other products per workday for collective farmers."

The September Plenum of the Central Committee of the Party noted serious lagging in the development of a number of important branches of agriculture—animal husbandry, vegetable growing, and potato production—and pointed out that one of the reasons for this lagging is the violation of the principle of material interest of collective farms and collective farmers in the development of these branches. The per-hectare principle of procurements was violated, an unjustified diversity in establishing delivery norms by regions and collective farms was permitted, and so on. In practice, such a practice led to the infringement of the interests of advanced regions and collective farms and hindered the development of these branches in other regions and collective farms.

To raise the material interest of collective farms and collective farmers in developing lagging branches of agriculture, the Party Central Committee Plenum deemed it necessary to raise procurement and purchase prices for a number of agricultural products. Procurement prices for meat, milk, wool, potatoes, and vegetables delivered by collective farms and collective

farmers to the state under compulsory delivery orders were raised.

State procurements on a large scale were organized from collective farms and collective farmers who fulfilled their compulsory deliveries, covering surplus grain, vegetables, potatoes, meat, milk, eggs, and other agricultural products at elevated prices. A number of other measures were adopted to stimulate the development of animal husbandry, vegetable growing, and potato production.

The Party Central Committee Plenum also found it expedient under present conditions to reduce the norms of compulsory deliveries to the state by collective farmers for livestock products and to reduce the delivery norms by collective farms for potatoes and vegetables. This means that collective farms and collective farmers will have more surplus produce to sell at higher purchase prices, as well as at collective farm market prices. A transition is being implemented from the existing system of procurements by state and cooperative organizations to contracting, which is of exceptional importance because it allows the state to plan in advance the amount of produce coming in above compulsory deliveries. Collective farms and collective farmers receive a guarantee of product marketing, have the opportunity to use monetary advances, and can also acquire necessary industrial products through reciprocal sales. The raising of procurement and purchase prices, the reduction of compulsory delivery norms, and other measures are undoubtedly of great importance for strengthening the material interest of collective farms and collective farmers in the further upswing of agriculture. But they do not determine the main path of development of collective farm production.

"The main path for eliminating the lagging of animal husbandry, potato and vegetable production, and the further powerful upswing of all branches of agriculture," Comrade Khrushchev stated at the Party Central Committee Plenum,

"lies in raising the level of collective farm production, increasing gross and marketable output, and reducing costs per unit of produced product."

The measures being implemented by the party and government to strengthen the material interest of collective farms and collective farmers in developing important branches of agriculture merely help the entire mass of collective farms to use the available opportunities for this more quickly and fully. One of the main reasons holding back the development of public production was the violation permitted in many collective farms of the principle of correctly combining public and personal interests of collective farmers while subordinating personal interests to public ones.

The primary and only correct form of the collective farm movement at the present stage of socialist construction in the countryside is the agricultural artel, which successfully combines the personal interests of collective farmers with public interests, with the tasks of all-out development and strengthening of the public economy, and with the interests of the socialist state. The personal interests of a collective farm family in the artel are ensured, on the one hand, by the participation of able-bodied family members in public production, incomes, and services received from the public economy and, on the other hand, by the preservation of a small subsidiary plot of collective farmers in their personal ownership. The very name "subsidiary plot" defines its role and place in the collective farm and in the life of every collective farm family. The dimensions of the subsidiary plots of collective farmers are strictly defined by the Charter of the Agricultural Artel. The preservation in personal ownership of the collective farm household of a small subsidiary plot at the present (artel) stage of the collective farm movement is necessary, since the public economy is not yet in a position to fully satisfy both public and all personal needs of the collective

farm family. Therefore, any infringement of the rights of collective farmers in this part is incorrect. The Communist Party and the Soviet Government, showing unflagging concern for raising the well-being of the collective farm masses, stand guard over the observance of the Charter of the Agricultural Artel and help collective farmers maintain their subsidiary plot within the dimensions defined by the Artel Charter. To this end are also directed the recent measures of the party and government regarding the reduction of agricultural tax rates on collective farmers and the revision of the principle of taxing them, the reduction of compulsory delivery norms of agricultural products by collective farmers, and others. But the main thing in the collective farm is the public economy. It is the decisive force of the collective farm, the source of the production upswing of our country's agriculture and the growth of the well-being of the collective farm peasantry.*

To solve in the next 2–3 years the task set by the Party Central Committee Plenum—to satisfy in abundance the growing needs of the population in food products and provide raw materials for light and food industry—it is necessary above all to achieve an all-out increase in the yields of all agricultural crops and growth in livestock numbers while simultaneously significantly increasing its productivity.

The rapid growth of yields of all agricultural crops, a significant increase in the productivity of collective farm animal husbandry, and high growth rates of collective farm production are possible only under the condition of a steady rise in the culture of collective farm production and the versatile development of the public economy of each collective farm.

The experience of collective farm construction has proven that advanced collective farms are multi-branch economies with a high culture of agriculture and animal husbandry. In this lies their enormous superiority. On the example of these collective

farms it is especially clearly seen that the land assigned to each collective farm, if used correctly, serves as an inexhaustible source for multiplying collective farm wealth. The point is not only that with the correct use of land as the primary means of agricultural production its fertility increases, but also that from the land area assigned to the collective farm it can receive the most diverse products in large quantities with relatively lower expenditures of funds and labor. This can be seen, for example, from data on the results of economic activity in different groups of collective farms studied by us.

Volumes of agricultural production per 100 hectares of arable land in different groups of collective farms of Ramensky District, Moscow Region, and Vurnary District, Chuvash ASSR, in 1952.[286]

Indicator	Ramensky District, Moscow Region			Vurnary District, Chuvash ASSR		
	1st Group	2nd Group	3rd Group	1st Group	2nd Group	3rd Group
Number of collective farms in group	6	9	6	5	8	5
Production funds (in thousand rubles)	585.6	263.9	159.5	34	32	24
Gross output of agricultural						

[286] All collective farms of the named districts are divided into three groups depending on the value of gross output received per 100 hectares of arable land. The valuation of production was carried out according to state procurement prices.

production:						
Grain (in centners)	434	243	30	1,743	585	484
Potatoes	3,529	1,826	1,297	558	407	387
Vegetables	2,255	557	225	492	82	1
Fodder root crops (in centners)	1,053	105	24	35	13	4
Sown grass hay (in centners)	429	207	139	250	71	-
Milk (in centners)	1,077	352	248	783	181	181
Wool (in kg)	53	7	25	584	210	138
Eggs (pcs.)	7,510	2,717	1,001	1,383	987	848

As can be seen from the table, in both districts the first (highest) group of collective farms, being in conditions identical to other collective farms, produces much more agricultural produce from every 100 hectares of arable land. This is especially characteristic of the collective farms of Ramensky District with their intensive vegetable-livestock economy. The intensity of the economy is determined by the amount of invested funds per unit of area. On 100 hectares of arable land in collective farms of the first group of Ramensky District, production funds worth 585.6 thousand rubles were invested against 159.5 thousand rubles in collective farms of the third group, or 3.7 times more. A more intensive public economy with skillful organization yields an enormous economic effect. Thus, calculated per 100 hectares of arable land, collective farms of the first group produced more than

collective farms of the third group: grain—31.4 times, potatoes—2.7 times, vegetables—10 times, fodder root crops—44 times, sown grass hay—3.1 times, milk—4.3 times, wool—2.1 times, eggs—7.5 times. A significant difference in the volumes of production per unit of area across different groups of collective farms also exists in Vurnary District. Individual advanced collective farms of the first group in both districts have even higher indicators.

The cited data clearly testify to the enormous reserves for the growth of agricultural production hidden in the depths of collective farm production. Even more clearly, this is evidenced by the experience of individual advanced collective farms that have achieved outstanding success in the struggle for high productivity of all branches of the public economy.[287] Let's take, for example, the Molotov Collective Farm of Ramensky District, Moscow Region. After amalgamation, this collective farm quickly got back on its feet and is an advanced, comprehensively developed, multi-branch economy with a high culture of production. Along with the main branches—dairy animal husbandry and vegetable growing—the collective farm has developed grain farming, fruit and berry farming, poultry farming, beekeeping, rabbit breeding. The collective farm has a limited amount of land. The entire arable array here barely exceeds 600 hectares. Under these conditions, it is especially important to use every hectare of land with the greatest efficiency. The collective farm achieved serious success in this matter, as can be seen from the results of its economic activity over a number of recent years.

[287] Recently, the central and local press has widely covered the experience of advanced collective farms. From a number of published articles by collective farm chairmen with a comprehensively developed public economy and high production culture, it is seen that advanced collective farms, being in conditions identical to the rest, have achieved enormous success in using their lands, raising yields, developing public animal husbandry and increasing its productivity.

Since the main branch in the collective farm is dairy animal husbandry, special attention is paid to the development of this branch and, above all, to strengthening the feed base, for which field grass sowing is developed in the first place. High agrotechnics of cultivating perennial grasses (clover and timothy) made it possible to raise the harvest of hay of these valuable fodder crops from 25 centners to 45–50 centners per hectare. The collective farm annually procures on average no less than 5 tons of silage for each cow and harvests rich yields of root crops, the sowing and tending of which are mechanized in the collective farm. In addition, a green conveyor has been introduced. In the collective farm, great attention is paid to correctly compiled feed rations taking into account the productivity of each animal. Correct feeding combined with good care of livestock allowed the collective farm over the last three years to raise the milk yield from 2,500 liters to 4,208 liters per cow.

The second main branch is vegetable growing. Previously, vegetable growing in the collective farm was one of the lagging branches. Vegetable harvests were meager. Now vegetable growing is one of the most profitable branches in the collective farm. In 1952, the collective farm harvested 300 centners of vegetables from each hectare.

The all-round development of the collective farm's public economy and its high marketability ensured the collective farm high monetary incomes. Monetary income from animal husbandry alone from 1949 to 1952 rose from 1,150 thousand rubles to 1,700 thousand rubles, and from vegetable growing—from 302 thousand rubles to 846 thousand rubles. With the growth of monetary incomes, accumulations in the collective farm increase, and capital construction expands. Special attention is paid by the collective farm to the construction of livestock premises. If in 1950 350 thousand rubles were spent

on capital construction in animal husbandry, then in 1952—already 700 thousand rubles.

On the basis of the growth of the public economy in the collective farm, the material security of collective farmers is growing. In 1952, the collective farm issued per each workday 1 kg of grain, 12 kg of vegetables and potatoes, and 7 rubles in money.

Of undoubted interest is the public economy of the advanced collective farm "Zdobutok Zhovtnya" (Talnovsky District, Kiev Region). This is a comprehensively developed economy with a high culture of agriculture. The collective farm receives high yields of all agricultural crops year after year. In 1952, 21 centners of grain were harvested per hectare, and 257 centners of sugar beets. In individual brigades, yields were even higher. Animal husbandry is also distinguished by high productivity. The collective farm has 147 dairy cows. In 1952, more than 3,000 liters of milk were milked from each cow, and 16 piglets were raised from each sow.

Great attention is paid in the collective farm to introducing advanced agrotechnics, raising the culture of agriculture, creating a solid feed base for animal husbandry, and conditions of livestock maintenance and care.

Along with the main branches, gardening, truck farming, fishing, and beekeeping are developed in the collective farm. The collective farm strives to make each branch highly productive and marketable. On this basis, the monetary income of the artel is steadily growing. In 1952, it amounted to 2,206.5 thousand rubles. If in 1951 the collective farm received 1,202 rubles of monetary income calculated per each hectare, then in 1952—already 2,039 rubles.

Year after year, the value of the work-day increases. In 1952, for each workday 5 rubles in money, 2.2 kg of grain, 1 liter of milk, and other products were issued. In addition, a large

amount of leather goods received for the super-plan delivery of livestock products was distributed per workday.

This collective farm outlined in its five-year plan to raise grain yields by the end of the five-year period to 29 centners per hectare, sugar beets—to 350 centners, and vegetables—to 300 centners; to double the cow population and milk 4,000 liters of milk from each cow; to raise the wool shearing per sheep to 4 kg; to obtain 120 eggs from each laying hen; to fatten 30 pigs per 100 hectares of arable land. The reality of this program is obvious. It is confirmed by the successes already achieved in the collective farm, the intensification of the mechanization of labor processes in all branches of collective farm production, the growth of the material well-being of collective farmers, and the increase in their interest in the development and strengthening of the public economy of collective farms.

The cultural and technical level of collective farmers and their labor activity grow year after year in the collective farm.

The economic significance of the versatile development of the economy and high culture of agriculture can also be seen on the example of the Stalin Collective Farm, Novo-Alexandrovsky District, Stavropol Krai. After amalgamation, this collective farm has 22,120 hectares of land assigned to it. In the collective farm, there are 2,215 able-bodied collective farmers. The widespread application of new machinery, the multi-branch development of the collective farm's public economy with a correct combination of branches, skillful labor organization with its correct division and specialization, and a high level of agrotechnics have brought the collective farm deserved success. Let us cite some figures.

The total monetary income of the collective farm in 1952 amounted to 11,082 thousand rubles. Before amalgamation, in 1950, the monetary income of eight agricultural artels that subsequently united into the Stalin Collective Farm equaled 1,907 thousand rubles, i.e., it was almost 6 times lower. In

1950, all eight artels allocated only 285 thousand rubles to indivisible funds, whereas in 1952 the Stalin Collective Farm replenished the indivisible fund by 2,216 thousand rubles, i.e., almost 10 times more. The collective farm has deployed major construction of production, residential, and cultural-welfare premises. Gross and marketable output is growing in the collective farm, and the material and cultural standard of living of collective farmers is steadily rising.

There are many such examples. But, as already noted, in collective farm practice there are not a few other examples when the land assigned to collective farms is used unsatisfactorily, the culture of agriculture is low, and the public economy develops one-sidedly. Lagging collective farms are most numerous in the districts of the non-black-earth and central-black-earth zones, where small collective farms with a weakly developed public economy predominated before amalgamation, and where the shortcomings of small collective farms have by far not been overcome at present.

The sooner these shortcomings are eliminated, the sooner lagging collective farms will move into the ranks of advanced ones. The swiftest upswing in the culture of agriculture and the versatile development of the public economy of collective farms is the most important condition for their organizational and economic strengthening.

The high technical equipment of collective farms is one of the important features of their development, one of the main conditions for the steady upswing of agricultural production, the further increase in labor productivity, and the growth of the material and cultural standard of living of the broad masses. Of exceptionally great importance in equipping collective farms with the newest machinery was the creation of a wide network of state Machine and Tractor Stations (MTS)—a mighty force for the transformation of socialist agriculture. MTS and collective farms are carriers of the greatest progress

in the development of productive forces of the countryside, which fundamentally changed the tenor of rural life.

The basic means of production in collective farms—public land assigned to collective farms for perpetual free use; tractors and complex agricultural machines concentrated in MTS; large irrigation systems and other irrigation structures; state power transmission lines supplying collective farms with cheap electricity—represent not collective farm property, but all-people's property. These decisive means of production determine the fate of agriculture and ensure high rates of its development.

At present, there are about 9 thousand Machine and Tractor Stations in the country. Over little more than two decades, the technical power of MTS has increased on an enormous scale, and their role as levers of the socialist restructuring of the countryside has grown. The role of MTS is increasing especially strongly in the post-war period, during which Machine and Tractor Stations received a large amount of new, modern machinery. MTS possess 969 thousand tractors (converted to 15-horsepower units)—74% more than in 1940; 255 thousand grain combines—66% more than in 1940; and many other machines.

The rapid growth of the machine and tractor fleet of MTS made it possible to mechanize many labor-consuming jobs in collective farms and thereby greatly ease the labor of collective farmers and raise its productivity. If in 1940 MTS performed about 90 types of various jobs in collective farms, at present they perform over 170 types of jobs. In 1952, almost all plowing and 87% of grain sowing were performed in collective farms with the help of tractors. Over 70% of all grain crops were harvested by combines.

The total volume of tractor work in collective farms in 1952 exceeded the pre-war level by 88%.

The mechanization of basic agricultural operations in crop farming on the basis of new MTS machinery is close to completion. In many collective farms of the southern and eastern regions of the country, the mechanization of basic field operations (including grain harvesting by combines) is actually completed. Thus, for example, already in 1951 in Stavropol Krai, 97% of all sowings of winter and spring spiked grain crops in collective farms were harvested by combines.

However, labor-consuming processes in animal husbandry and vegetable growing are still weakly mechanized. Machine and Tractor Stations paid little attention to these branches. Suffice it to say that potato planting in collective farms by MTS forces was performed in 1952 in only 14%, harvesting—in less than 6%, and work on mechanizing the cultivation of vegetable crops was almost not performed at all. Low-productivity manual labor predominates on livestock farms.

Consistently pursuing the line of raising the level of mechanization of production processes in agriculture, the party and government outlined a large program for the production of tractors and other machines. It is planned in the period from 1954 to May 1, 1957, to provide agriculture with 500 thousand general-purpose tractors (converted to 15-horsepower units), 250 thousand row-crop tractors, as well as a significant amount of agricultural machinery and automobiles.

The level of MTS work in mechanizing labor-consuming processes in animal husbandry is rising sharply. In 1955, the level of mechanization of work in collective farms for hay mowing, raking, and cocking hay will be brought up to 80%, stacking up to 65%, ensiling up to 75%, sowing and inter-row cultivation of silo crops and fodder root crops up to 95%, and so on. The level of mechanization of other processes in animal husbandry is rising significantly. Complex mechanization of labor processes in vegetable growing and potato production will become widespread.

The mechanization of collective farm production is growing every year. The use of manual labor is increasingly curtailed, and labor productivity in collective farms is rising. Now the further upswing of collective farm production and the successful solution by collective farms of their main production task depend to an enormous extent on the quality of MTS work and on how MTS machinery is used. And this means that the responsibility of MTS workers for the further upswing of socialist agriculture, for the organizational and economic strengthening of collective farms, and for the prompt elimination of the lagging of certain collective farms has grown immeasurably.

The September Plenum of the Party Central Committee, clearly defining the main task of MTS, outlined a number of important measures aimed at decisively improving MTS work and further strengthening their role in collective farm production. The Plenum determined that the most important task is the creation in MTS of permanent qualified mechanized cadres capable of most fully and productively utilizing machinery and thereby ensuring a further powerful upswing in all branches of collective farm production. To this end, core mechanized cadres are enrolled on the staff of MTS. The Ministry of Agriculture and Procurements of the USSR is instructed to ensure the correct utilization of tractor drivers and other permanent workers of tractor brigades throughout the year. The remuneration of tractor brigade workers is increased, the system of training mechanized cadres is improved, and the repair base of MTS is strengthened.

The resolution of the September Plenum of the Party Central Committee notes the important significance of the electrification of MTS, collective farms, and state farms in further strengthening the material and technical base of agriculture.

At present in the USSR, almost 20% of collective farms and 95% of MTS are electrified. In hundreds of districts, all collective farms and MTS are electrified. A number of regions are close to complete electrification of all collective farms. In Sverdlovsk Region, complete electrification was completed back in 1947.

The further development of agricultural electrification, as indicated in the decision of the Party Central Committee Plenum, must be carried out through better utilization of electricity from existing rural power plants, the connection of MTS, collective farms, and state farms to industrial power systems, as well as through the construction of new rural power plants and wind-power installations. Electricity should be used primarily for production purposes.

The importance of using electricity for the purpose of mechanizing production processes is especially great in such branches as animal husbandry and vegetable growing, which are currently weakly mechanized.

In this connection, there arises an urgent need for wide coverage in economic literature of issues related to the implementation of the planned agricultural electrification plan, as well as issues of the most rational and effective application of electricity in carrying out the complex mechanization of collective farm production.

One of the attempts at such coverage of these issues is the book by S. Matskevich published in 1952, "The Role of Electrification in the Development of the Material and Technical Basis of Agriculture of the USSR." The book was subjected to wide discussion in the Institute of Economics of the USSR Academy of Sciences. During the discussion, it was established that this generally informative and useful book contains a number of incorrect provisions. The work underestimates the role of state power systems in the electrification of agriculture; issues of the economic efficiency

of agricultural production electrification are weakly covered. The book contains other shortcomings as well. However, the criticism of the book, especially in the review by A. Khankovsky published in the journal "Socialist Agriculture" (No. 1 for 1953), along with correct remarks contains a number of unsubstantiated accusations. In particular, the accusation against the book's author that the work contains direct proposals for the sale of basic means of production into the ownership of collective farms, on the necessity of primary construction of pygmy collective farm power plants, etc., is completely unfounded.

The growing role of state means of production in collective farms not only does not diminish the significance of the collective farms' own means of production, but, on the contrary, poses with all sharpness the question of their further expansion.[288]

Over the years of collective farm construction, the own material and production base of collective farms has increased significantly. The growth of collective farms' means of production and their basic funds is a necessary condition for the upswing of collective farm production; the means of production play an important role in carrying out expanded reproduction in collective farms.

The basic funds of collective farms consist of agricultural implements, working and productive livestock, premises for public animal husbandry, for storing collective farm produce and materials, garages, workshops, subsidiary enterprises, power plants with electrical equipment, and all kinds of structures (irrigation systems, etc.).

According to data from annual reports of collective farms, as of January 1, 1940, the total value of the indivisible funds of

[288] Footnote reference to the expansion of collective farms' own means of production.

collective farms equaled 21.7 billion rubles. From 1940 to 1952, the indivisible funds of collective farms doubled.
Practice of collective farm construction has shown that the successful development of all branches of the public economy of each collective farm, high labor productivity, obtaining abundant harvests, growth of public animal husbandry and its productivity can be ensured on the basis of the development and correct combination of powerful MTS machinery, on the one hand, and the means of production and material resources of the collective farms themselves, on the other. This is one of the most important conditions for the organizational and economic strengthening of collective farms and the further flourishing of the collective farm system.
The predominant part of the basic means of production of collective farms, their basic funds, as well as all collective farm produce, is created by the collective labor of collective farmers with the constant assistance of the socialist state. Over the years of the existence of collective farms, the basic means of production of collective farms, together with the means of production belonging to the socialist state, have turned into a powerful factor in the development of productive forces of agriculture, into the unshakable foundation of the new social system in the countryside.
The better a collective farm is provided with sound production buildings, implements of production, highly productive livestock, well-equipped workshops, etc., the greater its production possibilities are, the more fully and productively the land assigned to each collective farm for perpetual use can be utilized, the more productive the labor of the collective farmers themselves will be, and the more effective the application of new MTS machinery will be. In this way, a more correct combination in the production process of powerful MTS machinery with the means of production of the collective farm itself is achieved.

The means of production, like collective farm produce, are the public property of each collective farm. The means of production of collective farms, together with the means of production belonging to the socialist state, are the economic basis of their development.

Public collective farm ownership determines the character of production relations in collective farms, where labor, like property itself, is collective (group) and where the well-being of each member of the collective farm and his family depends primarily on the successes of the labor and production activity of the given collective, on the growth of public wealth, i.e., the public property of the given collective farm. The faster the public property of the collective farm grows, the stronger the collective farm is, and the higher the rates of its economic development are. At the base of the successes of the production activity of advanced collective farms lies the selfless labor of all collective farmers and their daily concern for multiplying and strictly guarding public (state and collective farm) property.

However, what is realized as the main vital necessity in advanced collective farms has by far not yet become the subject of daily concern of all collective farmers in lagging collective farms, where this main requirement of the Charter of the Agricultural Artel is often grossly violated, thereby inflicting enormous damage to the public economy of these collective farms, hindering its development and the growth of the material and cultural standard of living of collective farmers.

The Communist Party and the Soviet Government take decisive measures against the embezzlement of state and collective farm property, the squandering of public lands of collective farms, mismanagement, and carelessness displayed by some collective farm leaders regarding collective farm property, the expenditure of workdays, etc.

It is necessary to cultivate in every collective farmer a sense of concern for multiplying and guarding public property, a sense of intolerance toward facts of embezzlement and squandering of collective farm goods, unjustified losses of the grown harvest, livestock mortality, poor storage of equipment and other property of collective farms. Here the role of collective farm party organizations and collective farm management is exceptionally great.

The struggle for multiplying and guarding public property is one of the most important conditions for the organizational and economic strengthening of collective farms.

Along with the development of the material and production base of collective farms, correct labor organization, the strengthening of the socialist principle of remuneration according to labor, the strengthening of labor discipline, and the deployment of mass socialist emulation are the most important elements of the struggle for the further growth of labor productivity in collective farms and for their organizational and economic strengthening.

The movement that unfolded in socialist industry for high labor productivity found a wide response in the collective farm countryside. Advanced workers of the Soviet countryside display remarkable examples of mastering new machinery, skillfully applying the achievements of advanced Soviet agricultural science in agricultural production, and maintaining high discipline and organization of collective labor.

The growth of labor productivity in collective farms and the raising of the material well-being of collective farmers depend primarily on the collective farmers themselves, on their attitude toward labor, on how labor is organized in collective farms, and how land and all means of production are utilized.

Practice of collective farm construction shows that the absence of correct labor organization, in particular the turnover of production brigade personnel, impersonality in work, lack of

dispatching, and sometimes low labor discipline, hindered and in many cases still hinder the development of the public economy of collective farms.

At the 19th Congress of the Party, it was pointed out that it is necessary to introduce in collective farms a more progressive system of remuneration of labor, under which the distribution of artel income among its members would be carried out according to the number of workdays accrued to the collective farmer in direct dependence on the agricultural produce actually obtained by the brigade, team, or individual collective farmer. Such a system of income distribution in collective farms, when correctly applied, will make it possible to significantly raise the labor productivity of collective farmers, eliminate egalitarianism, and contribute to the further rise in the value of the work-day. However, it would be incorrect not to take into account the complexity of the transition to such a system. It requires from collective farm management skillful production organization, the creation of favorable conditions for the fulfillment of production tasks by collective farmers, the decisive elimination of elements of impersonality in work, and the strictest accounting of labor expenditures and output yield.

The amalgamation of small collective farms, by substantially changing the conditions of their development, made it possible to pose in a new way the basic questions of labor organization in collective farms. In large collective farms, conditions exist for the correct division and specialization of labor in collective farms. In particular, permanent specialized brigades have been organized: field-growing, feed-harvesting, vegetable, horticultural, livestock, construction, and others.

In large multi-branch collective farms with a large volume of production, the division of labor and its specialization are more detailed. Such a division of labor at the present stage of socialist construction is of enormous significance: it ensures not only the assignment of workers to certain plots, but also the

raising of their skills. Collective farmers thoroughly master the work entrusted to them, acquire skills and dexterity in performing work, master new machinery used in the given branch, and achieve higher labor productivity. Assigning workers to a certain branch of labor facilitates the possibility of raising their skills in an organized way through special schools and courses, as well as through supplying them with specialized literature.

At the same time, in connection with the seasonality of agricultural production, the combination of professions should be widely implemented, which ensures a more full utilization of available labor resources in the interests of developing the public economy. The September Plenum of the Central Committee of the CPSU, adopting a decision on the creation in MTS of permanent mechanized cadres of basic professions, indicated that in the non-field period these workers (tractor drivers, tractor brigade leaders and their assistants, excavator operators and their assistants, accounting-refuelers) should be occupied in the order of combining professions in repair workshops, on work of mechanizing livestock farms, and on other work in MTS. This issue is also of topical significance for collective farms, where after the end of field work a large group of field-growing brigade workers is released. With a versatilely developed economy, a significant part of them will be occupied in branches where work is conducted also in the winter period. A large number of people should be occupied in work connected with preparation for the field period, the deployment of construction work, and so on. The better the collective farm is prepared to perform these works in winter, the more successfully it will conduct them in summer.

The creation of more favorable conditions for the widespread introduction of new and newest machinery into all branches of agricultural production raised the labor of collective farmers to a higher stage, and this helps to more quickly raise the cultural

and technical level of workers, disciplines them, and promotes the growth of their political consciousness.

The application of machinery greatly eases the labor of collective farmers and raises its productivity.

As a result of the amalgamation of collective farms, there became not only possible but also vitally necessary such an organization of labor of tractor and field brigades that ensures close contact in their work, creates mutual interest in the most productive use of machines, and in higher quality of performed work. This is achieved primarily by assigning one production plot to tractor and field brigades and coordinating the work of both brigades. With such labor organization, impersonality is eliminated and the responsibility of all members of the tractor and field brigades for work results is raised.

Conducting their public economy on the basis of science and new machinery can be done by collective farms only according to a plan. The planned character of conducting large-scale collective economy in agriculture is one of the root advantages of our socialist economy over small peasant economy and large capitalist economy, where the principles of planned management are inapplicable. Planned management of the economy in collective farms is the most important condition for their production successes and the strengthening of collective farms.

In collective farms, current production planning is widely carried out, which includes the drawing up of annual production plans, income and expenditure estimates, work plans for sowing, harvesting, and so on, and production tasks for brigades. Current planning arose together with the creation of the collective farm system; it was a necessary condition for the development and strengthening of collective farms. Correctly drawn up annual production and operational plans played and play an important role in the upswing of collective farm production.

The new conditions of production activity of large collective farms, the rapid development and strengthening of public property require the strengthening of collective farm production planning. It is necessary that current planning be supplemented in all collective farms by perspective planning, so that collective farms do not limit themselves to drawing up production plans for one year, but move to planning their economic development for several years, without which no large collective farm can now successfully develop. Only perspective plans give collective farms the opportunity to more systematically develop their public economy and most fully utilize the data of science and new machinery.

In large advanced collective farms, perspective plans have long been applied and serve as the basis for a truly scientific organization of the public economy of collective farms, for mobilizing the creative activity of the collective farm masses. The five-year plan of the collective farm, drawn up on the basis of state tasks with maximum consideration of all opportunities at the disposal of the collective farm in the sphere of upswing of public production (including the assistance of the socialist state in all its forms), not only introduces clarity regarding the prospects of development of the public economy of collective farms, but also serves as a mighty means of organizational and economic strengthening of the collective farm. The perspective plan helps to most fully utilize the land, MTS machinery, all other means of production, as well as the labor resources of the collective farm itself.

An end must be put to the incorrect practice of planning sown areas of collective farms without taking into account crop rotations introduced in collective farms, and to the practice of planning livestock populations without simultaneous planning of the necessary feed base.

The main content of the perspective plan of each collective farm must be subordinated to solving the main task in the

sphere of agriculture—raising the yields of all agricultural crops, further increasing public livestock numbers while simultaneously significantly growing its productivity, increasing gross and marketable output of crop farming and animal husbandry, and further raising the well-being of the collective farm masses on this basis.

One could cite not a few examples from the experience of advanced collective farms that have long conducted their work on the basis of perspective plans. In Novo-Annensky District, one of the most advanced districts of Stalingrad Region, perspective planning has been carried out in all collective farms of the district since 1945. In this district, perspective plans, backed by great organizational and mass-political work aimed at the successful fulfillment of plans, played a major role in the development of the public economy of collective farms and in their organizational and economic strengthening. They helped collective farms better utilize the enormous opportunities for the growth of agricultural production inherent in collective farms as large socialist enterprises enjoying broad and comprehensive support from the socialist state.

The sooner it is possible to teach all collective farms to work according to a plan calculated for a number of years, the higher the growth rates of the public economy of collective farms will be.

A large collective farm is a multi-branch, complex economy, and this places increased demands on agricultural leaders and specialists. Without trained managerial cadres, it is impossible to run such an economy.

The chairman of a large collective farm must not only be a good organizer; he must also understand well issues of agrotechnics and zootechnics, economics and planning, finances and accounting, know agricultural machinery, and be abreast of the latest achievements in the field of agricultural science. Collective farm leaders must master Marxist-Leninist

theory, which illuminates the path for practitioners in their daily activity. This requires from them not only sufficient preliminary training, but also constant, persistent work on themselves.

Among collective farm chairmen, especially large ones, there are quite a few capable organizers with great experience in managing large socialist economy. They have thoroughly mastered agricultural science, mastered new machinery, and know collective farm business perfectly.

When there were more than 250 thousand collective farms in the country, it was difficult to provide all collective farms with trained managerial cadres from among agricultural specialists. The amalgamation of small collective farms made this not only possible, but also vitally necessary, and the availability of specialist cadres for agriculture and the state of their training allow solving this most important problem in the very near future.

Practice shows that the arrival of specialists with higher and secondary agricultural education to the leadership of collective farms immediately exerts a positive influence on the work of collective farms, ensuring a rapid upswing in collective farm production and the organizational and economic strengthening of collective farms.

The party has always drawn the attention of party organizations to the question of strengthening collective farms with trained and politically and business-proven managerial cadres and providing assistance to these cadres in their work. In the resolution of the Plenum of the Central Committee of the CPSU, the question of strengthening managerial cadres is posed with all sharpness as one of the most important issues of the organizational and economic strengthening of collective farms. The Plenum obligated party, Soviet, and agricultural organs of regions, krais, and republics to put an end to the underestimation of the selection and education of managerial

cadres in collective farms and to ensure the strengthening of the composition of collective farm chairmen through the selection and promotion to this work of politically and business-proven specialists with higher and secondary agricultural education, as well as other specialists and practitioners knowing agriculture who have great experience in managerial and organizational work and are capable of ensuring leadership of large collective farm economy.

In order to bring all collective farms up to the level of advanced ones, it is necessary above all to utilize the new opportunities for developing collective farms, modern machinery, achievements of science, advanced experience, and the assistance rendered to collective farms by the party and government. And this can be done only if in a large collective farm, along with the collective farm chairman, there are trained cadre leaders in each section, and if the cultural and technical level of all collective farmers is raised.

To realize the enormous advantages of a large, multi-branch collective farm, it is necessary to ensure coordinated work of all branches of the economy, strict discipline, and raise the culture of production. This can also be achieved only under the condition that every section in the collective farm (branch, brigade, farm, collective farm enterprises) is headed by trained people.

The party attaches enormous importance to the issue of strengthening collective farms with trained cadre specialists. The Plenum of the Central Committee of the CPSU recognized that the existing order of agronomical and zootechnical servicing of collective farms does not meet the increased tasks facing agriculture. To accelerate the solution of the problem of strengthening collective farms with necessary cadre specialists, the socialist state comes to the aid of collective farms in this matter as well. The Plenum of the Central Committee of the CPSU deemed it necessary, instead of precinct agronomists

and zootechnicians, to have agronomists and zootechnicians in MTS for permanent work in collective farms so that each collective farm is constantly serviced by one or two agricultural specialists on the staff of Machine and Tractor Stations. To service individual largest collective farms, the Plenum recommended allowing the maintenance on MTS staffs of one specialist per brigade and farm.

Successful management of collective farms largely depends on the closest ties of the managerial core of collective farms with the broad collective farm mass. It would be impossible to solve such a grandiose task as the restructuring of all rural life on new, socialist principles if our party had not raised the million-strong masses of the working peasantry to accomplish this task. Advanced collective farms could not have achieved such successes if the managerial core of these collective farms and their party organizations had not relied on the growing activity of the entire mass of collective farmers, on their selfless labor and creative initiative, on the collective farm activist core, and had not listened to the voice of the masses. The merit of leaders and party organizations of advanced collective farms consists above all in the fact that they were able to create an active core around themselves and with its help directed the initiative of collective farmers toward solving the main tasks of building a large advanced, highly productive collective economy. This can also explain the fact that advanced collective farms are a school for cultivating collective farm cadres, masters of high yields, remarkable livestock breeders, experienced leaders of various sections of collective farm production. Without the closest ties with the masses of collective farmers and MTS workers, without persistent daily work to raise their cultural and technical level and political consciousness, labor activity, and without creating a broad activist core around the board and party organization in each collective farm, it is impossible to

solve in a short time the task of organizational and economic strengthening of amalgamated collective farms.
That is why the Party Central Committee Plenum in its resolution drew special attention to strengthening the activity of rural party organizations, to the all-out improvement of their organizational and political work in the masses.
"It would be a mistake to think," the resolution of the Plenum of the Central Committee of the CPSU states, "that the further upswing of agriculture will go by itself. The material conditions and opportunities that are being created for the upswing of agriculture will not yield proper effect by themselves without improving the activity of party organizations. To use these opportunities and conditions, party organizations must head the broad masses of collective farmers, MTS workers, and state farm workers and lead them into the struggle for a powerful upswing in agriculture."

Questions of Economics, No.11, 1953.

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ON ECONOMIC AID TO UNDERDEVELOPED COUNTRIES

The question of economic aid to underdeveloped countries is acquiring an increasingly acute and urgent character. It never leaves the agenda of the sessions of the General Assembly, the Economic and Social Council, and other organs of the United Nations. Representatives of the Soviet Union, the countries of people's democracy, as well as many underdeveloped countries, have repeatedly noted the extremely difficult economic situation of underdeveloped countries, including a number of states that are UN members. In their speeches, they emphasize that, despite the richest natural resources and huge labor reserves, these countries have lagged extremely far behind in their economic development, their population lives in constant want and poverty, and tens of millions of people die of hunger.

This is explained primarily by the fact that these countries are in political and economic dependence on imperialist powers, on foreign monopolies. The bulk of the national income of underdeveloped countries is pumped out by the monopolists of the USA, England, France, and other imperialist powers, who extract maximum profits through the enslavement and systematic robbery of the peoples of backward countries. The indigenous population of colonies and dependent countries, driven off their land and reduced to extreme poverty, languishes under the yoke of the double exploitation of foreign imperialism and "their own" landlords and bourgeoisie. The

feudal remnants prevailing in these countries, cultivated by the imperialists, hinder the development of productive forces, aggravate the degradation of the economy, and worsen the condition of the working masses in these countries.

The peoples of colonies and dependent countries, relying on the sympathy and support of the progressive forces of the whole world, are intensifying the struggle for economic and political independence and for social progress. Under the pressure of the popular masses, representatives of the governments of many underdeveloped countries in the United Nations are raising the question of the need for a radical improvement in the economic situation of these countries with increasing sharpness.

The facts and figures characterizing the results of the imperialists' management in underdeveloped countries have received such wide publicity, and the indignation of the oppressed peoples is manifested in such stormy forms, that the imperialists can no longer, as they did before, ignore these facts or avoid discussing them. That is why during the discussion of the question of economic aid to underdeveloped countries in the UN Economic and Social Council and other organs of the United Nations, none of the delegates, at least in words, denied the need for the urgent provision of such aid. However, regarding the character of this aid and the methods of its provision, two different points of view and two different approaches to its solution emerged.

Representatives of the Soviet Union, supported by representatives of Poland, Czechoslovakia, and the majority of underdeveloped countries, insist on the provision of such aid that would exclude foreign interference in the internal affairs of underdeveloped countries, contribute to the rapid development of productive forces and the use of their natural resources in national interests, and the gradual achievement of economic independence by these countries.

The opposite position is occupied by the representatives of the United States of America. Their speeches show with all clarity that the ruling circles of the USA are by no means going to provide genuine aid to these countries. They only want to use the so-called aid to underdeveloped countries to strengthen their economic and political enslavement, for the even greater plundering of the natural resources of these countries, and for the exploitation of their population. They seek freedom of private investment in these countries on terms most favorable to monopolists, and they strive to use "aid" to underdeveloped countries to draw them into aggressive alliances and blocs and use their territories to create their military bases.

It is completely obvious that real, rather than fictitious, economic aid to underdeveloped countries is incompatible with the policy of subordinating the economy of these countries to the tasks of war preparation, with the organization of aggressive alliances and blocs, with restrictions in international trade, and with the plundering of the natural resources of underdeveloped countries. It is incompatible with the policy of diktat, with the imposition of any preliminary

conditions on the countries to which this aid is provided, or with interference in their internal affairs. Genuine aid must be based on the equality of the parties and respect for mutual interests; it presupposes not a reduction, but an expansion of international trade, the development of industry and agriculture in underdeveloped countries, the creation of conditions for industrialization, an increase in production capacities, the stabilization of prices and currencies, and the reduction of unemployment. Thus, the problem of economic aid to underdeveloped countries includes a number of important issues of contemporary international relations, including such issues as the normalization of trade ties and the elimination of restrictions in international trade, the cessation of the arms race, the development of peaceful branches of industry, the stabilization of currencies and prices, etc.

- Facts show that the modern policy of the ruling circles of the main capitalist powers, above all the USA, by no means contributes to the solution of these issues.

- The ruling circles of the United States of America have for a long time been praising American "aid" to underdeveloped countries in every possible way, portraying it as an act of the "greatest selflessness" on the part of the USA. These Pharisaical statements have nothing in common with reality.

To be convinced of this, it is sufficient to analyze the practice of implementing "aid" agreements concluded between the USA and a number of underdeveloped countries in accordance with the

notorious "Point 4 of the Truman Program." An analysis of these agreements shows that the "aid" under "Point 4 of the Truman Program," which is advertised in every possible way by American ruling circles, in reality aims to prepare conditions for an even broader invasion of American private capital into underdeveloped countries, to strengthen reactionary and pro-American regimes in them, and to clear the ground for the further expansion of US monopoly capital.

"Aid" under "Point 4 of the Truman Program" has been imposed on 43 underdeveloped countries, including India, Indonesia, Lebanon, Libya, Abyssinia, Liberia, Iran, Israel, Egypt, and others, with which the USA concluded agreements on "technical aid" or "technical cooperation." All these agreements violate the sovereignty of the countries with which they are concluded and clear the way for the United States to widely interfere in their internal affairs. Under these agreements, the American side gets the opportunity to appoint American "advisers" to each ministry and each government body of these countries, who are the de facto masters of these institutions. The administration for the implementation of "Point 4 of the Truman Program" receives the right to control the use of credits placed at the disposal of the counterparty country and the distribution of profits that will be obtained as a result of work carried out in accordance with "Point 4."

Another form of "aid" is carried out in the form of the so-called "gratuitous aid" of the United States to underdeveloped countries. This form of "aid" does not differ in any way from the notorious

"Marshall Plan," which has already been exposed before the peoples of the whole world. In accordance with agreements on "gratuitous aid," the American government provides the governments of underdeveloped countries with "free" goods for sale to the population. American "specialists" and "observers" flood the country that has accepted "aid," supposedly for the purpose of managing its provision. In reality, they place the finances and the entire economy of the country under their control. The funds received from the sale of American goods are deposited into a special current account, the use of which is controlled by the American authorities. These funds are directed to the construction of industrial enterprises in the given country controlled by American capital, to cover growing military expenses, and to expand pro-American propaganda. An example is the agreement between the USA and Pakistan concluded on June 25, 1953. Under this agreement, the USA undertook to supply Pakistan with wheat "gratuitously." The funds received by the Pakistani government from the sale of wheat can be spent only with the approval of the USA. It is planned to invest this money in "joint American-Pakistani facilities," i.e., enterprises that will be under the control of American monopolies.

In the system of American "aid" to underdeveloped countries, no small role is assigned to the so-called "treaties of friendship, commerce, and navigation." These treaties are used by the ruling circles of the USA as an additional, very effective means of tying the economy of underdeveloped countries to the economy of the United States. Such treaties were imposed by the USA in the postwar period

on a number of countries, including Uruguay, Colombia, Abyssinia, Israel, and others. As in the "aid" agreements, the USA stipulates in the "treaties of friendship, commerce, and navigation" a "national regime" for foreigners, i.e., for American monopolies. The treaties provide for guarantees of American capital against nationalization, the free transfer of principal capital, income, and profits to the USA, etc. American ruling circles, using "aid" agreements and "treaties of friendship, commerce, and navigation," establish their domination over the economy of underdeveloped countries and consolidate their economic and technical backwardness.

- To implement "aid" programs, American ruling circles use organizations controlled by them: the International Bank for Reconstruction and Development, the Export-Import Bank, the Food and Agriculture Organization (FAO), the World Health Organization, as well as a number of large private American organizations, such as the Ford Foundation, etc.

- One of the most reactionary measures of the US government is the "Mutual Security Act" adopted in October 1951. On the basis of this law, the United States demands from countries receiving American "aid" the transfer of their economy to a military footing, the provision of military bases to Americans on their territory, the supply of strategic raw materials to the USA, and participation in US military events. According to this "law," hundreds of millions of dollars are released from the US budget to finance espionage, sabotage, terrorist, and other subversive activities directed

against the countries of the camp of peace and democracy. All this shows that aggressive American circles use "aid" to foreign states for the further aggravation of international relations and the undermining of international cooperation. This is also evidenced by the speeches of a number of official figures in the USA. Thus, the chairman of the Senate Foreign Relations Committee, Senator Wiley, stated in the US Senate on June 29, 1953, that "aid provided to foreign states will help set a powder keg on fire in the East European countries and in China."

The closest connection exists between the "Mutual Security" program and other expansionist measures of the US ruling circles aimed at the enslavement and robbery of other countries, in particular "Point 4 of the Truman Program." The "Mutual Security Act" explicitly states that one of the goals of this "law" is to "remove barriers and stimulate the steady growth of the participation of free private enterprise in the development of resources of foreign states." Concrete guidance for the implementation of these requirements, aimed at strengthening the inflow of American capital into underdeveloped countries, was entrusted to government institutions associated with the administration for the implementation of "Point 4 of the Truman Program." The US Department of Commerce and the State Department are charged with the duty of contributing to the elimination of legal and other obstacles to US private capital investments abroad and accelerating the conclusion of treaties and

agreements facilitating the inflow of private American investments into the country to which "aid" is rendered.

Since August 1953, the implementation of the American "aid" program carried out by the so-called Mutual Security Agency has been entrusted to the newly formed "Foreign Operations Administration" (FOA), which coordinates the military preparations of the USA and countries dependent on them.

US monopolists believe that postwar American government loans and subsidies to foreign states have already prepared the ground for large private capital investments abroad. The National Foreign Trade Convention of the USA and the conference of the National Association of Manufacturers held in late 1952, along with the issue of expanding American exports, paid special attention to the need to increase the export of capital. American monopolies set themselves the goal of achieving an annual capital export in the amount of $5 billion, whereas in 1952 American investments abroad amounted to $1.5 billion, and in 1951 - $1.25 billion. At the same time, they seek the creation of "more favorable conditions" for private investments abroad, guarantees of compensation payment in case of the expropriation of enterprises, the unhindered transfer of income, etc. The US government willingly grants such guarantees. To stimulate the export of private capital, it has created a special fund ensuring the guarantee of capital and the transfer of profit. For the same purpose, in May 1952, an addition (Article 516) was introduced into the "Mutual Security Act," according to which countries receiving "aid" from the USA must provide Americans with "equal rights" with local

residents regarding capital investments (in reality, this means the provision of exclusive rights to American monopolists), guarantee the transfer to the USA of profits from invested capital and the payment of compensation in case of nationalization of their enterprises.

The ruling circles of the USA, as well as all American official propaganda, claim that the backwardness of the economy of underdeveloped countries is explained by a shortage of capital in these countries. They use the rostrum of the United Nations to instill in the governments and peoples of underdeveloped countries the idea of the exceptional usefulness of foreign investments, especially private ones, for the development of the economy of these countries.

Let us examine, using the example of American capital investments, to what results the export of foreign capital leads.

The amount of American direct capital investments abroad at the end of 1950 was $11.8 billion, of which $6.2 billion was in underdeveloped countries. Over the past 9 years, the USA has increased its private direct capital investments almost 2 times; in Saudi Arabia, Iran, and Lebanon - 10 times; in Venezuela, Brazil, and the Union of South Africa - almost 3 times.

Capital invested by monopolies in underdeveloped countries brings them significantly greater profits than in metropolitan countries. Thus, for example, 2/3 of the revenues of the American oil monopoly Standard Oil are revenues from abroad and only 1/3 from the USA, whereas the share of the USA accounts for 2/3 of all its investments.

The profits of American corporations from foreign investments in the postwar period increased to a greater extent than profits from their domestic capital investments. While the profits of these corporations increased by 82% from 1946 to 1951, their income from investments abroad increased almost 2.5 times.

US monopolies, like those of other imperialist powers, invest their capital primarily in those branches that promise them maximum profits. These are the oil-extracting and mining industries, i.e., industries associated with the extraction of the most important types of strategic raw materials - oil, iron, tin, copper, bauxite, etc. Let us give official data on direct US capital investments in underdeveloped countries by individual branches of the economy in 1950 (in million dollars)[289]:

[289] "Survey of Current Business," December 1952, p. 10. 2 Including Australia.

Economic Sector	Latin American Countries	Colonial and Dependent Countries of Western European Powers	Other Underdeveloped Countries
Manufacturing	1,390.0	292.4	883.1
Oil-extracting	2,617.4	87.7	56.4
Mining	774.1	7.8	111.2
Transport, communication, and public utilities	1,044.1	18.1	52.6
Agriculture	475.6	9.3	38.7

It can be seen from the table that the main share of American foreign capital investments is directed to the oil-extracting and mining industries. The share of capital investments in agriculture in the total sum of direct US capital investments abroad is extremely small. Only in the agriculture of Latin American countries are there more or less large American capital investments. American capitals are invested here in the production of profitable export crops - rubber, bananas, coffee, cocoa, sugar, etc. Monopolists direct capital investments into the manufacturing industry and transport of underdeveloped countries primarily because, in the pursuit of profits, they are forced to build enterprises in these countries for the primary processing of industrial and agricultural raw materials, as well as to ensure their

transportation. A significant part of capital investments is also directed to the construction of strategic roads and ports.

The imperialists hinder the development of national industry in underdeveloped countries in every possible way, especially industry producing means of production. Out of the total sum of American investments in underdeveloped countries of approximately $6.2 billion, the share of engineering accounts for no more than 4%.

Loans and credits provided to underdeveloped countries through the Export-Import Bank and the International Bank for Reconstruction and Development have the same character. Funds received under these loans and credits are directed to the mining industry and the construction of strategic facilities. The credits of the International Bank for Reconstruction and Development, as evidenced by its report for 1952, were provided to underdeveloped countries for the construction of ports and railway trunk lines through which the bulk of strategic cargo passes; for the expansion of power plants, and an increase in the extraction of ore, in particular chrome. Such loans were provided to a number of countries: Brazil - $25 million and Mexico - $29.7 million for the construction of power plants and the construction of power transmission lines; Brazil - $12.5 million, Colombia - $25 million, Pakistan - $27.2 million for the construction and "improvement" of railways, etc.

Thus, through the export of capital, the United States keeps the economy of many underdeveloped countries on a leash. "Every businessman," wrote the American magazine Foreign Commerce

Weekly, "knows from the experience of the long and complex history of American investments abroad that real investments are not philanthropy." As the figures show, "Point 4 of the Truman Program" is also by no means philanthropy. Only 25% of the "aid" fund is allocated for the development of industry (mainly processing industry) of underdeveloped countries, and the remaining 75% is intended for the exploration of bowels and the extraction of minerals in economically backward countries. From the "aid" fund of India, for example, allocated for the first year of this "program" in the amount of $57.08 million, a little more than $5 million is released for the development of industry. The entire remaining amount is directed to the expansion of the extraction of strategic raw materials. The government of Lebanon counted on using the "aid" under "Point 4" to implement a number of projects in the field of energy, irrigation, and agriculture. However, during its stay in Lebanon, the mission for the implementation of "Point 4" spent all credits on the maintenance of American employees, who were mainly engaged in mineral exploration, searching for military-strategic raw materials, and did not take any measures to implement the projects developed by the Lebanese government.

The export of capital to underdeveloped countries brings foreign monopolies huge profits, which often exceed the amount of foreign investments in these countries. This leads to a situation where it is not the capital-exporting countries that finance underdeveloped countries, but, on the contrary, underdeveloped countries serve as a source of capital accumulation, which subsequently returns to them

as foreign capital. For example, according to data from the "Economic Survey of Latin America for 1951-1952" prepared by the UN Economic Commission for Latin America, the inflow of foreign capital into Latin American countries for 1945-1952 amounted to $2,090 million. Profits and interest on foreign investments transferred from Latin American countries during this time amounted to $5,820 million, and the redemption of foreign capital in Latin American countries for these same years is estimated at $1,310 million. Thus, the net inflow of new investments into Latin American countries for 1945-1952 amounted to $780 million. The huge profits pumped out of Latin American countries by foreign capital, as well as from other underdeveloped countries, are formed at the expense of the enslavement and systematic robbery of the peoples of these countries. These profits constitute a substantial part of the maximum profit of monopolistic capital. The export of profits from underdeveloped countries undermines the basis for the formation of national capital in these countries.

In the light of everything said, it becomes clear that by propagating the need for an accelerated inflow of foreign investments into underdeveloped countries, representatives of the USA and other imperialist powers pursue the goal of further increasing the maximum profits of capital-exporting monopolists. Facts convincingly show that the practice of foreign private investments in underdeveloped countries existing up to now distorts the very idea of aid to these countries, turning it into its opposite. Foreign private capital investments in underdeveloped countries in the form in which

they are carried out up to now consolidate, and in a number of cases strengthen, the economic and cultural backwardness of these countries, contributing to their further transformation into agrarian and raw material appendages to the economy of imperialist powers. The position taken by the representatives of the United States in the UN shows that the ruling circles of the USA strive to continue carrying out this policy under the guise of "aid." Thus, back in March 1949, the US representative Thorpe, speaking at the 8th session of the UN Economic and Social Council with an explanation of American proposals, stated: "Speaking about the economic development of backward countries, one should not think that their primary task is industrialization." Representatives of England and France solidarized with the speech of the American delegate.

Promising in words that "aid" will lead to the rise of small-scale handicraft industry and agriculture of underdeveloped countries, the imperialists in fact strangle these branches of the national economy. As a result of American "aid" in India, Pakistan, Indonesia, Egypt, and Iran, the decline of the already underdeveloped manufacturing industry, as well as handicraft trades, is intensifying. Light industry enterprises of these countries - textile, leather, and others - are reducing production or closing down because they cannot compete with foreign monopolies, which under the guise of "aid" flood the markets of these countries with their goods. The report of the National Bank of Iran for 1951/52 emphasized that the difficulties of Iranian industry are caused by stagnation in the market and competition from foreign (mainly American) goods.

American "aid" to underdeveloped countries has led to the decline of their agriculture, a further reduction in sown areas, the predatory destruction of forest wealth, and a decrease in crop yields, which ultimately further worsens the food situation in these countries.

It is known that the main cause of the backwardness and decline of agriculture in underdeveloped countries, and the poverty of the peasantry, which constitutes the overwhelming majority of the population here, is the dominance of foreign monopolies and the rule of feudal remnants supported and cultivated by the imperialists. Almost all the best land in these countries belongs to foreign monopolies or feudal landowners.

The majority of peasants do not have their own land and are forced either to lease it on enslaving terms from landlords or to work on plantations belonging to foreign monopolies, where they are subjected to monstrous exploitation. Thus, for example, in Pakistan, 70% of all land is in the hands of 50 thousand large landlords. Tenant peasants are forced to give up to 2/3 of the harvest to the landlords. It is clear that not only are they unable to develop their farming, but they are not in a position to provide themselves with necessary food. The same situation exists in other underdeveloped countries. In Venezuela, for example, foreign oil companies own more than 11 million hectares of land. Over 55% of cultivable land belongs to a handful of landlords.

The concentration of land in the hands of large landowners and foreign monopolies, and the dominance of feudal remnants lead to

the fact that land in underdeveloped countries is used unproductively. Uncultivated lands make up, for example, 31% in the Philippines, and 40% in Burma of all land areas suitable for cultivation. In Argentina, only 20.7% of cultivable land is used.

Productivity in the agriculture of underdeveloped countries is extremely low, and agricultural equipment is primitive. In a number of countries of Latin America and Asia, methods of land cultivation are almost the same as those used in ancient Egypt.

One of the main conditions for the rise of agriculture in underdeveloped countries, overcoming its backwardness, and improving the condition of the peasantry and the entire population is the implementation of radical agrarian reforms, the transfer of land to those who cultivate it, and the liquidation of feudal remnants and the dominance of foreign monopolies. The demand for carrying out agrarian reform is becoming a militant slogan of the peoples of colonies and dependent countries.

American representatives in the UN often make it appear as if they are supporters of carrying out land reforms in underdeveloped countries. In reality, when it comes to agrarian measures that can at least to some extent affect the interests of monopolists in underdeveloped countries or local landlords, the ruling circles of the USA offer resistance to these measures. It is known that the 13th session of the Economic and Social Council and the 6th session of the UN General Assembly adopted resolutions containing recommendations to the governments of underdeveloped countries to

take measures to carry out land reform in the interests of landless small and middle peasants. But these recommendations, as was to be expected, remained on paper due to the stubborn resistance of the colonial powers, and first of all the USA, which are by no means interested in carrying out such reforms.

Very indicative in this regard are the attempts at direct interference of the US Department State in the internal affairs of Guatemala, whose government nationalized part of the land belonging to the American company United Fruit. The ruling circles of the USA exert pressure on the government of Guatemala, seeking the cancellation of this decision. US interference in the internal affairs of Guatemala caused a storm of indignation in the country.

Foreign capital penetrating the economy of underdeveloped countries subordinates the development of industry and agriculture in these countries to its interests.

Agriculture in underdeveloped countries has a deformed, one-sided, monocultural character. This is clearly seen in the example of the agriculture of almost all Latin American countries, whose economy is on the leash of American imperialism. Brazil produces predominantly coffee and cotton for export, Uruguay - livestock products, Colombia - coffee and bananas, Cuba, Puerto Rico, the Dominican Republic - sugar, El Salvador, Costa Rica, and Guatemala -coffee. This further strengthens the economic dependence of Latin American countries on the USA and imparts a one-sided character to their foreign trade.

Crisis phenomena that are making themselves felt more and more often in the food and raw material markets of capitalist countries, and the drop in prices caused by them, lead to the fact that American and other monopolies try to reduce agricultural production in underdeveloped countries. The mechanism of American "aid" is a very convenient means for this. In Cuba, for example, in 1953 it is planned to reduce sugar production compared to 1952 by 30%, and in Pakistan jute production by 35%. Such examples could be multiplied. Thus, the American "program" of aid further worsens the economic situation of underdeveloped countries and leads to an increase in foreign interference in their internal affairs.

The "aid" of imperialist powers also negatively affects the foreign trade of underdeveloped countries. In the hands of foreign monopolies, primarily the monopolistic capital of the USA, foreign trade is one of the means of robbing these countries.

In the interests of increasing their profits, American monopolies wage a struggle to capture ever-new markets in underdeveloped and colonial countries. They undermine the stability of raw material and food markets through forced purchases of strategic raw materials at speculative prices during some periods and through leaving markets and dumping surpluses of raw materials and food from their reserves during other periods. In 1952, the price index for raw materials imported into the USA, mainly from underdeveloped and colonial countries, fell by 17%.

Restrictions in trade imposed on underdeveloped countries give large capitalist powers the opportunity to establish prices on raw materials exported from these countries that are very favorable to monopolists and ruinous for underdeveloped countries. American monopolies, for example, force underdeveloped countries to supply them with raw materials at prices significantly lower than those existing on the world capitalist market. Thus, in 1952, US monopolies paid Chile for copper 2 times less than other countries; Bolivia supplied them with tin at prices significantly lower than world prices; Malaya, Indonesia, and Ceylon could get in exchange for one ton of natural rubber almost 3 times less wheat and cotton than in 1939.

In the work "Instability in Export Markets of Under-Developed Countries" published in New York in 1952, employees of the United Nations economic apparatus were forced to admit that fluctuations in raw material prices have a negative impact on the economy and finances of underdeveloped countries. As a result of sharp price fluctuations, the volume of exports of underdeveloped countries is extremely unstable. The work points out that from 1901 to 1950, fluctuations in the volume of exports for 18 main types of raw materials (imported by monopolies from underdeveloped countries) in comparable prices averaged 18.7% per year (in the direction of decrease or increase)[290]. Sharp fluctuations in raw material prices indicate that underdeveloped countries are highly dependent on the unstable conjuncture of the world capitalist market.

[290] "Instability in Export Markets of Under-Developed Countries." United Nations Department of Economic Affairs, New York 1952, p. 37.

Since foreign monopolies pump huge profits out of underdeveloped countries, mainly through the export of goods from there, active trade balances and passive balance of payments are characteristic of these countries. However, since the end of 1951, as a result of the policy of lowering prices for raw materials and food pursued by American monopolies, not only balance of payments, but also trade balances of these countries have become passive. According to data from the statistical bulletin of the International Monetary Fund, the trade balance of underdeveloped countries in Asia, Latin America, and the Middle East was still positive in 1950; the excess of exports over imports amounted to 2.2million. In1952, the trade balance surplus of these countries became negative and equaled -1.5 million. The policy pursued by the USA of lowering prices for raw materials exported from underdeveloped countries led to a decrease in exports from these countries. Thus, exports of Brazilian coffee, making up 3/4 of the total value of Brazilian exports, decreased by approximately 670 thousand bags in the first quarter of 1953 compared to the same period in 1952. Exports of Asian and Far Eastern countries (excluding the Chinese People's Republic and Japan) declined especially sharply: from $8.3 billion in 1951 to $6.5 billion in 1952.

As a result of the ban imposed by the United States on the trade of Southeast Asian countries with the states of the democratic camp, a heavy blow was dealt to the economy of Southeast Asian countries. Imports of Southeast Asian countries in 1952 exceeded exports: in Malaya - by 52 million Singapore dollars, in Indonesia - by 1,636

million rupees. The Indonesian newspaper Merdeka wrote: "We cannot agree with American aid of $16 million when we suffer losses of $300 million a year as a result of the closure of markets for us."

Business circles in Southeast Asian countries are increasingly speaking out for the establishment of foreign trade ties with the countries of the democratic camp. They want to follow the example of Ceylon, which concluded a trade agreement with the People's Republic of China on the supply of Ceylonese rubber in exchange for Chinese rice and has a favorable trade balance from this trade.

The deficit in the foreign trade balance has led to Southeast Asian countries experiencing a serious shortage of dollars; they suffer from inflation and an increase in the budget deficit. From July 1951 to July 1952, Indonesia's financial reserves decreased by 26%, and Thailand's by 18%. Indonesia's foreign currency reserves at the end of 1952 amounted to $152 million, i.e., less than at the end of 1951, while its budget deficit increased from 4 billion rupees at the end of 1951 to 4,300 million rupees at the end of 1952. Thailand's budget deficit in 1953 amounts to 1,098 million ticals. Between August and December 1952 alone, additional paper money was issued in Thailand to the amount of 70 million ticals.

A direct consequence of American "aid" is the ever-intensifying arms race and the militarization of the economy of underdeveloped countries. For example, direct and indirect military expenditures of Brazil in 1953 account for 60% of the total state budget. In Iran, as the newspaper Ettelaat reported, 11 military enterprises have been

built and other military facilities are under construction. Out of $88,400 thousand that Iran is to receive in the 1953/54 financial year under American "aid," $65 million, i.e., over 70%, is channeled under the "Mutual Security Act" and in the form of "emergency and extraordinary aid" to the government of General Zahedi, in other words, for military purposes.

The disastrous consequences of the policy of militarization of the national economy and the arms race lead to underutilization of production, mass layoffs of workers, and unemployment in all capitalist countries, including underdeveloped ones. In Argentina, for example, the majority of industrial enterprises operate only 15-20 days a month. In Thailand, Indonesia, and Malaya, the reduction in rubber and tin production has led to the introduction of a short work week on plantations and mass layoffs of workers.

As a result of rising prices for foreign industrial products and falling prices for local products (rubber, cotton, jute, etc.), there is a mass ruin of the peasantry in underdeveloped countries, especially in India, Pakistan, Egypt, Indonesia, Burma, and others. The impoverishment of the entire working population in underdeveloped countries has sharply intensified. The average per capita income in Ceylon, Malaya, the Philippines, Indonesia, Egypt, Syria, Turkey, and other countries does not even reach 1/10, and sometimes 1/60, of the per capita income in developed capitalist countries, although here too the level of consumption of the popular masses is steadily declining.

Irrefutable facts expose the true goals of the "aid" of overseas "benefactors" and their imperialist associates. The peoples of underdeveloped countries are increasingly convinced that the American "aid" policy contradicts their interests and aspirations, that it is only a means of drawing these countries into aggressive blocs and alliances and dooming them to hunger and poverty. Therefore, they are offering increasing resistance to American "aid."

Under the pressure of the popular masses, the governments of a number of underdeveloped countries - Mexico, Brazil, Uruguay, Burma, Syria, Indonesia, and others - despite pressure from the United States, refuse to conclude enslaving "aid" agreements. These countries no longer want to submit to obligations imposed on them from outside. Egypt is refusing "aid" provided by the USA on the basis of the "Mutual Security Act," since an indispensable condition for receiving this "aid," as the Egyptian newspaper Al-Ahram wrote, is "participation in a semi-military alliance with America," which is "incompatible with the general policy of the Egyptian government."

The peoples of underdeveloped and dependent countries of Asia, Latin America, and Africa are giving a resolute rebuff to the aggressive encroachments of imperialist enslavers. The active struggle of the masses leads to positive results. In Bolivia, for example, the working masses, led by the working class, achieved the adoption of a law on the nationalization of tin mines belonging to Anglo-American capital. In Guatemala, under the pressure of the working people, the government took a number of measures to

restrict the dominance of foreign monopolies and carry out agrarian reform.

While the economic situation of underdeveloped countries is steadily worsening, the economy of a number of democratic countries in Europe and Asia is on the path of continuous rise. These countries, having refused enslaving American "aid," mobilized all their resources to achieve economic progress. As a result of radical democratic transformations (nationalization of industry, agrarian reform), fraternal, selfless aid from the Soviet Union and friendly mutual assistance, as well as the rise of the creative activity of the popular masses, these countries have achieved major successes in the development of their economy.

The Chinese People's Republic is on the path of the steady rise of its economy. Having completed in 1952 the agrarian reform covering a territory with a rural population of 450 million people, and successfully finishing the restoration of industry, the Chinese people began wide planned economic construction in 1953. Thanks to close economic cooperation with the countries of the democratic camp, first of all with the Soviet Union, Chinese industry has achieved great successes. For the first time in the country, many complex machines and mechanisms that were previously imported from abroad began to be produced, such as mining equipment, universal milling and lathe machines, generators, transformers.

The Five-Year Plan for the economic development of the Chinese People's Republic outlines further growth in industrial production

and, first of all, the rapid development of mechanical engineering, ferrous and non-ferrous metallurgy, the fuel and energy industry, transport, and agricultural engineering. The Soviet Union provides the Chinese People's Republic with the necessary assistance in implementing the five-year plan. In a telegram to the Chairman of the Council of Ministers of the USSR, G. M. Malenkov, the Chairman of the Central People's Government of the Chinese People's Republic, Mao Zedong, noted: "The Central People's Governmental Council unanimously believes that, thanks to the agreement of the Government of the Great Soviet Union to systematically provide economic and technical assistance to China in the construction and reconstruction of 91 new enterprises and 50 currently under construction and reconstruction enterprises, the Chinese people, energetically studying the advanced experience and latest technical achievements of the Soviet Union, will be able to gradually build their powerful heavy industry"[291].

With the direct assistance of the Soviet Union, the Mongolian People's Republic is creating its national industry. Metalworking and machine-repair enterprises, mines, building materials plants, leather plants, shoe and other factories have been built in the country.

The Korean Democratic People's Republic achieved great successes in the development of its economy by 1950. However, American intervention interrupted the peaceful creative labor of the Korean people. The war caused colossal damage to the economy of Korea.

[291] Pravda, September 18, 1953.

After the cessation of hostilities, the Korean people began healing the severe wounds inflicted by the war. Filled with a sincere desire to render assistance to the friendly Korean people, the Soviet Government allocated 1 billion rubles gratuitously for the restoration of the destroyed economy of Korea.

The assistance provided by the Soviet Union to countries friendly to it differs in principle from the "aid" that the United States is imposing on a number of countries. The Soviet Union does not condition the assistance it provides with any enslaving terms. It does not encroach on the sovereignty and independence of other countries, but contributes to the development of national industry, the rise of agriculture, and the improvement of the well-being of the popular masses. The Soviet Union supplies the countries of people's democracy with technically advanced equipment, and gratuitously transfers patents, licenses, and production technology. From 1948 to 1952 alone, the supply of newest-design machines and equipment by the Soviet Union to the countries of people's democracy increased 10 times.

The experience of cooperation between the Soviet Union and the countries of people's democracy shows that not a single capitalist country could provide such technically qualified assistance to people's democratic countries as the Soviet Union provides them. The point is not only that this assistance is maximally cheap and technically first-class, the point is first of all that this cooperation is based on a sincere desire to help each other and achieve a general economic rise.

Of tremendous international importance is the experience of fraternal cooperation and mutual assistance of the peoples of the USSR, the experience of resolving the national question in the Soviet Union. In the Soviet republics, which before the Great October Socialist Revolution were backward outskirts of tsarist Russia, in Soviet times, thanks to the selfless labor of the peoples liberated from age-old oppression and the fraternal assistance of the Russian proletariat, such branches of industry as mechanical engineering, metallurgical, coal, oil, and chemical industries arose, and a solid energy base was created.

Already by the beginning of the third five-year plan, the total capacity of power plants in the Central Asian republics was about 130 thousand kW compared to 16 thousand kW in 1928. By the beginning of the third five-year plan, oil production in the regions of Soviet Asia had grown almost 9 times compared to 1913. Great successes have also been achieved in the field of agriculture and its mechanization.

The gross harvest of raw cotton in the Soviet republics of Central Asia significantly exceeds the gross harvest in foreign countries of the East. The production of silkworm cocoons in Uzbekistan is 3 times higher than the production of cocoons in Iran and Turkey combined. In terms of the level of development of industry, agriculture, public education, and national culture, the Soviet republics have far outstripped foreign countries.

The problem of the economic development of underdeveloped countries is a national problem; it can be resolved only by the peoples of these countries. The development of national industry is the only way to improve their economic situation. Agrarian reform and the fair distribution of land taking into account the national characteristics of each country are of enormous importance for underdeveloped countries.

A real program of economic assistance and financing of the economic development of underdeveloped countries requires, as representatives of the Soviet Union in the UN have repeatedly noted, the cessation of the arms race pursued by capitalist countries, the cessation of attempts by imperialist powers to use the territory of underdeveloped countries for the construction of military bases, the curtailment of military production and the expansion of peaceful production, and the development of normal economic relations between countries free from American diktat. All this would contribute to the utilization of production capacities, an increase in employment, the reduction of unemployment, and the liquidation of poverty and hunger, which have assumed threatening proportions in a number of countries.

Throughout the entire postwar period, the Soviet Union has repeatedly submitted practical proposals to the General Assembly, the Economic and Social Council, and other UN organs aimed at providing real and effective assistance to underdeveloped countries.

The Soviet Government believes that the richest internal resources of these countries could become the most important source of financing the economic development program if development were conducted in the interests [of the people].

The Soviet Union is a supporter of truly equal economic cooperation between peoples, in which the efforts of cooperating states should be directed toward the progressive development of all productive forces of the country, taking into account its real economic capabilities and interests. At the 15th and 16th sessions of the Economic and Social Council held in the spring and summer of 1953, the representative of the USSR showed that for the economic development of underdeveloped countries, it would be of extremely great importance to eliminate the restrictions imposed on underdeveloped countries by some major powers and to develop normal trade of underdeveloped countries with other countries.

The Soviet Union has always defended the position that foreign credits should not be the main means of developing the country's economy. The main and decisive condition for economic recovery must be the utilization of the internal forces and resources of any country and the creation of its own industry. Only on this basis can the independence of the country from the encroachments of foreign capital be ensured, which constantly displays a tendency to use credit as an instrument of political and economic enslavement. The Soviet Union adheres to the opinion that foreign capitals can serve as an additional source to their national resources for underdeveloped countries. Foreign capital should contribute to the formation and

accumulation of national resources in underdeveloped countries, and to the development of national industry, including its leading branches. The provision of foreign capital should not be conditioned by political, military, economic, or other requirements. It can be attracted solely on a commercial basis.

The question of technical assistance to underdeveloped countries occupies a large place in the activities of various UN organs. Just like the General Assembly, the Economic and Social Council has repeatedly discussed this issue. At the 9th session of the Economic and Social Council, held in the summer of 1949, with the active participation of representatives of the USSR, the basic principles for providing technical assistance to underdeveloped countries for their economic development were developed. It was established that the main and guiding principle of providing technical assistance should be the desire to promote the achievement of economic and political independence by underdeveloped countries through the development of their industry and agriculture and the provision of a higher standard of living for the population. At the insistence of the USSR Delegation, the main paragraph of the resolution that violated the sovereign rights of countries enjoying technical assistance was excluded from the draft. This paragraph opened up wide opportunities for imperialists to interfere in the internal affairs of underdeveloped countries under the pretext of "coordinating" their financial and technical resources. The Soviet representative emphasized that any assistance to one country or another must be

provided only at the wish or on the initiative of the country in need of assistance. There is no need to impose this assistance.

At the proposal of the USSR delegation, the 9th session of the Economic and Social Council adopted a decision stating that experts sent to underdeveloped countries should not engage in any activity other than that for which they are sent and which concerns the issue of providing technical assistance. Their functions and duties in these countries must be agreed upon with the governments of the countries receiving assistance. At the same time, the proposal of the delegation of the Byelorussian SSR to restrict the bodies providing technical assistance to a given country in obtaining economic information exclusively to matters directly related to technical assistance was adopted.

A decision was adopted that specialized organizations should report to the Council not only on the progress of work on the provision of technical assistance, but also on all other work associated with it. The resolution emphasized that in providing technical assistance, the national sovereignty and state legislation of underdeveloped countries must be respected, and no distinctions should be made between countries in need of assistance on grounds of the political structure of states, the race and religion of their population.

Such are the basic democratic principles, the strict observance of which is a real guarantee of the successful and effective provision of assistance to underdeveloped countries. Proceeding from this, the Soviet Union at the session of the UN Economic Commission for

Asia and the Far East, held in February 1953 in Bandung (West Java), submitted a number of proposals: to pay special attention to the development of the national industry of these countries, including metallurgical, engineering, and chemical industries, enterprises for the processing of raw materials, etc.; to take measures to protect national industry from ruinous foreign competition by establishing protective tariffs, introducing a more favorable regime for national enterprises, and prohibiting the buy-up of these enterprises by foreign capital.

The Soviet Union has always supported proposals to allocate certain sums from the UN budget to provide technical assistance to underdeveloped countries. The USSR expressed its readiness to participate in providing technical assistance to underdeveloped countries also under the expanded UN program. In full accordance with the principles indicated above, the Soviet Union at the 16th session of the Economic and Social Council expressed its readiness to participate in the implementation of the UN program on economic aid to underdeveloped countries, allocating 4 million rubles as its contribution to the said fund for 1953.

In this connection, it must be noted that the American government is going to halve its contribution to the technical assistance fund for underdeveloped countries in the current year, while representatives of England, France, and some other capitalist countries evade determining the size of their participation in this UN program under various pretexts.

The Soviet Union believes that the fund formed from the contributions of UN member states should be spent on providing technical assistance to underdeveloped countries directly through the UN. These funds should be distributed among countries in accordance with the requests of the governments of these countries, taking into account the principles developed by the 9th session of the UN Economic and Social Council.

Of essential importance in ensuring economic aid to underdeveloped countries is the issue of price stabilization on their domestic markets. Price instability can be reduced if they develop trade with the USSR, the Chinese People's Republic, and the European countries of people's democracy, for for the overwhelming majority of underdeveloped countries, the problem of balancing their settlements with the dollar zone is especially acute.

The Soviet Union has proved that it is ready to develop trade relations with underdeveloped countries, ready to supply them with equipment, various machines, and other goods necessary for them to develop processing and extractive industries, transport, and agriculture, in exchange for those goods that they usually export.

At the conference on trade promotion of Asian and Far Eastern countries held in Manila in February-March 1953, the Soviet delegate reaffirmed the proposals put forward by the Soviet Union at the Singapore Conference of 1951: the USSR could supply machine tools, power-generating, electrical engineering, and transport equipment, agricultural equipment, and other machines necessary for

their economic development to the countries of Asia and the Far East, as well as cement, timber, fertilizers, grain, and consumer goods. In exchange, it is desirable to receive goods produced in these countries, including jute, rubber, shellac, rice, copra, spices, tea, tin, tanning bark, etc.

There are also great opportunities for the development of trade between the Soviet Union and Latin American countries. This is evidenced by the recently concluded Soviet-Argentine trade and payments agreement. Touching upon the significance of this agreement, the Argentine newspaper Propositos wrote: "The signing of the agreement is of extremely great importance for our country and for the entire Argentine economy, which is experiencing the economic aggressiveness and hostility of the United States, which strives to preserve the South American continent as its 'hinterland'." Regarding the peaceful policy of the Soviet Union, which does not impose agreements and does not seek to disrupt the economy of other countries, the desire of the Soviet Union to sell Argentina, for example, oil equipment, which the United States has repeatedly refused us because they did not want us to develop our own national production, testifies.

Such are the two opposite approaches to solving the issue of providing assistance to underdeveloped countries. While the aggressive circles of the USA use foreign trade and "aid" to exert political and economic pressure on other countries in order to subordinate them to their aggressive foreign policy course, the Soviet Union consistently pursues a policy of preserving and strengthening

peace, and strives to normalize and strengthen economic cooperation between countries. The Soviet Union proceeds from the fact that an important form of effective economic assistance and support for underdeveloped countries is, first of all, the expansion of normal trade ties and economic relations with other countries without discrimination, without interference in the internal affairs of other countries, and without diktat from outside. The USSR firmly adheres to the opinion that economic, trade, and financial relations with underdeveloped countries should promote the development of their national industry, agriculture, and transport, and the raising of the cultural level and well-being of the peoples of these countries.

Questions of Economics, No.11, 1953.

K. Ostrovityanov

ON PRODUCTION AND CONSUMPTION UNDER SOCIALISM

The Communist Party and the Soviet State have set the task of creating an abundance of consumer goods in the country within the coming years and a decisive rise in the material and cultural living standards of the Soviet people.

The possibility and necessity of a decisive rise in popular consumption are determined by the preceding powerful development of socialist industry and stem from the very essence of the socialist mode of production.

Waging a policy of continuous rise in the well-being and culture of the Soviet people, the Communist Party and the Soviet State proceed from the economic laws of socialism, from the Marxist-Leninist teaching on production and consumption in socialist society.

I

Marxism-Leninism teaches that the production of material goods constitutes the basis of the existence and development of any society. People produce material goods to satisfy their needs. Therefore, any production ultimately serves consumption. Only what has been produced can be consumed. Consequently, the production of material goods is the starting point and necessary prerequisite of consumption. A definite mode of production determines the forms of consumption corresponding to it.

If production is the starting point of the movement of the social product, consumption is the ending and concluding point. Moreover, consumption, in Marx's words, "reacts upon the starting point and once again gives rise to the entire process." Marx points out that "without production there is no consumption, yet neither is there production without consumption, since production would in that case be purposeless"[292].

When speaking of consumption, one has in mind the personal consumption by people of the products necessary to satisfy their needs. Productive consumption, which consists in the use of instruments of labor, raw materials, and auxiliary materials in the production process, relates directly to the production process itself.

The connecting link between production and consumption is the distribution of material goods among people. It is necessary to distinguish between the distribution of means of production and labor power and the distribution of consumer goods. The distribution of means of production and labor power enters into the very process of production as its decisive factor. The distribution of produced consumer goods depends on the distribution of means of production in society. If the means of production are owned by the exploiting classes, then the distribution of consumer goods is carried out for the purpose of enriching the exploiters and robbing the working people. If, however, the means of production constitute public property, then consumer goods are also distributed in the interests of the

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[292] K. Marx, *A Contribution to the Critique of Political Economy*. Gospolitizdat, 1953, pp. 200, 202.

working people. Distribution in accordance with the economic laws of the given social formation determines the share of people and classes in the national income.

In social formations where commodity production takes place, the distribution of consumer goods and means of production is carried out by means of exchange. In socialist society, the sphere of commodity turnover encompasses mainly consumer goods and agricultural raw materials. The purpose of exchange is to bring the product to the consumer, as well as to realize the member of society's share in the national income, turning it through purchase and sale into use values that directly satisfy his needs.

The mode of production determines the forms of distribution and exchange corresponding to it. Moreover, distribution and exchange, in turn, exert a reverse active influence on production, facilitating or hindering its development.

II

Each social formation has its own laws determining the relationship between production, distribution, exchange, and consumption. This relationship depends first of all on the requirements of the basic economic law of the given social formation.

Thus, under the conditions of the slave-owning and feudal systems, the aim of production was the appropriation by slave-owners and feudal lords for their parasitic consumption of the surplus product created by the labor of slaves and serfs. The means to achieve this goal in slave-owning society was the predatory exploitation of slaves on the basis of the slave-

owner's complete ownership of both the means of production and the workers of production—the slaves, while in feudal society it was the predatory exploitation of dependent peasants on the basis of the feudal lords' ownership of land and incomplete ownership of the workers of production—the serfs. The consumption of slaves and serfs was merely an inevitable evil from the point of view of the exploiting classes. It was limited to the limits of the beggarly minimum necessary for the slaves and serfs to create a surplus product for the slave-owners and feudal lords.

The immediate aim and engine of modern capitalist production is the acquisition of maximum profit. This goal is achieved through the exploitation, ruin, and impoverishment of the majority of the population of the given country, through the enslavement and systematic robbery of the peoples of other countries, especially backward countries, through wars and the militarization of the national economy. Such is the basic economic law of modern capitalism. This law also determines the interrelation between production and consumption specific to capitalism.

The consumption of working people under capitalism is a subordinate moment of production, similar to a machine's consumption of lubricating oil. Capitalism satisfies the needs of working people to the extent necessary for them to be able by their labor to create surplus value for the capitalists and ensure the acquisition of maximum profit.

Marx writes: "...The expansion or contraction of production is determined not by the relation of production to social needs, to the needs of socially developed men, but by the appropriation

of unpaid labor and the relation of this unpaid labor to materialized labor in general, or, to speak capitalistically, is determined by profit and the relation of this profit to the applied capital, consequently by a certain height of the rate of profit. Therefore, the limits of capitalist production already appear at such a degree of expansion which under other preconditions would turn out to be, on the contrary, highly inadequate. It is suspended not when the satisfaction of needs requires it, but when the production and realization of profit require this suspension"[293].

The pursuit of maximum profit prompts the capitalist to engage in production for the sake of production, for in the surplus labor of workers engaged in production lies the inexhaustible source of surplus value.

Some bourgeois economists—Tugan-Baranovsky and others—tried to prove that capitalist production can develop harmoniously solely at the expense of the means of production, independently of consumption. On the other hand, the Narodniks, ignoring the productive consumption of means of production, asserted that under capitalism production directly follows consumption.

V. I. Lenin, in the struggle against Tugan-Baranovsky, showed that from the fact of the more rapid growth of the first department of social production, which manufactures means of production, compared with the second department, which manufactures consumer goods, it by no means follows that the manufacture of means of production can develop

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[293] K. Marx, *Capital*, Vol. III, 1953, p. 269.

independently of the manufacture of consumer goods; ultimately, productive consumption (the consumption of means of production) is always connected with personal consumption. On the other hand, V. I. Lenin showed that, contrary to the assertions of the Narodniks, under capitalism there is no direct connection between production and consumption, that "this connection is merely mediate, that it manifests itself only in the final analysis, for in capitalist society consumption follows production"[294].

The correctness of the theory of Marxism-Leninism is confirmed by the entire course of the cyclical development of capitalism, from the first quarter of the 19th century to the present day.

Means of production are created in the end in order to produce consumer goods with their aid. Meanwhile, capitalism limits the consumption of working people to the limits of an extreme minimum. In this finds its expression the fundamental contradiction of capitalism—between the social character of production and private ownership of the means of production. By virtue of this, production periodically breaks away from consumption. But since no production can develop without a connection with consumption, this connection is restored, and at that only for a short time, in a violent manner, with the aid of economic crises that shake the capitalist system of economy to its foundations and are accompanied by the colossal destruction of productive forces and a sharp intensification of the impoverishment of working people.

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[294] V. I. Lenin, *Works*, Vol. 4, p. 146.

Monopolists try to create a market for capitalist production with the aid of the militarization of the economy and thereby compensate for the drop in solvent demand for peaceful products on the part of the working masses with the artificially inflated demand for military products. But this leads to a further decline in the consumption of the masses of the people and the deepening of the antagonistic contradiction between production and consumption, expressing the fundamental contradiction of capitalism—between the social character of capitalist production and the private-capitalist form of appropriation of the products of labor. In the grips of this contradiction, imperialist powers, and above all the USA, are currently struggling, vainly attempting to build their economy on the fragile basis of an artificially inflated military demand.

Threatening signs of an approaching economic crisis are making themselves felt more and more clearly in the US economy. Thus, the monthly indices of industrial production for 1953 show that after the highest level of industrial production in March-June 1953, a downward movement began: the general index of industrial production in September 1953 decreased by 2.5% compared to the spring months. Approximately the same decline took place with regard to all manufacturing industry. At the same time, the drop in the level of production is particularly significant in ferrous metallurgy (in August 1953 by almost 7% compared to March of the current year) and in mechanical engineering (in July 1953 by 5% compared to March of the same year).

One of the indicators of the ripening of an economic crisis in the USA is the growth of unsold commodity stocks in the

warehouses of industrial and commercial enterprises. The total value of commodity stocks in the USA increased from $71.6 billion at the end of the first half of 1952 to $77.8 billion at the end of the first half of 1953, i.e., by approximately 8.7%.

Striving to increase the sale of goods on the domestic market, American entrepreneurs are forcing sales on credit with installment payment. In recent years, sales on credit have been growing continuously in the USA. Over 6 months of 1953 (from January 31 to July 31), the unpaid amount on installment sales increased by $2.2 billion.

The ripening of the prerequisites of an economic crisis also manifests itself in the movement of wholesale and retail prices, in the increase in bankruptcies of industrial and commercial firms, and in the fall of industrial stock prices. A tendency toward a drop in wholesale prices has emerged, although retail prices, thanks to the policy of monopolies, continued to rise in the first half of 1953. In June 1953, the number of bankruptcies increased by 26% compared to January of this year. The fall in industrial stock prices, which began in January 1953, continued throughout the entire first half of the year.

Thus, the analysis of the US economy shows the growth of the prerequisites of an economic crisis in the main country of the capitalist world, despite the continuing arms race.

According to clearly understated official data, military expenditures in the USA account for about 18% of the national income. In reality they are significantly greater. The consequences of the arms race policy fall with all their weight upon the shoulders of working people. The sum of taxes in the

USA has now almost doubled compared to 1948/49. Over three years of the war in Korea, i.e., from the second half of 1950 through the first half of 1953 inclusive, even according to official data, the cost of living in the USA increased by 13%. In June 1953, the purchasing power of the dollar with respect to mass consumer goods fell to 52% of pre-war. Despite the militarization of the economy, there were 12.1 million fully and partially unemployed people in the USA in June 1953.

The narrowing of markets—external, in connection with the breakup of the single world capitalist market and the shortage of dollars in importing countries, and internal, in connection with the deterioration of the situation of working people—has led to an unprecedented drop in farmers' incomes. The latter decreased by 15% over the period from 1947 to 1952. In the first half of 1953 they were 6% lower than in the first half of 1952. *The Journal of Commerce* believes that farmers' incomes in 1953 will fall by 10–20%. Farmers' debt had doubled by the beginning of 1953 compared to 1945, amounting to $16 billion.

Signs of an approaching crisis are causing increasing concern among American businessmen, which is reflected in the American press.

Such is the state of affairs regarding production and consumption under modern capitalism.

III

A completely different relationship between production and consumption exists under socialism. The conversion of the means of production into public property, the elimination of the exploiting classes and of the exploitation of man by man have

radically changed the aim of production. "The aim of socialist production," says J. V. Stalin, "is not profit, but man with his needs, that is, the satisfaction of his material and cultural needs"[295]. This aim is achieved through the continuous growth and improvement of production on the basis of higher technology. Therein lies the essence of the basic economic law of socialism. The basic economic law of socialism requires the maximum possible satisfaction, given the level of production, of the constantly growing needs of the popular masses.

Thus, socialism, in contrast to capitalism, establishes a direct connection between production and consumption, subordinating production to consumption and eliminating the antagonism between them.

Every expanded reproduction requires an increase in the share of social labor going to the creation of means of production compared to the share expended on the production of consumer goods. This especially applies to socialist expanded reproduction. To implement the task of maximum satisfaction of the growing needs of working people, a systematic improvement of the technology of branches producing consumer goods is necessary, which in turn requires the development of heavy industry. Without the preferential development of branches producing means of production compared to branches producing consumer goods, it is impossible to ensure the continuous growth of production on the basis of higher technology and to realize the aim of socialist production. This determines the enormous role in the

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[295] J. Stalin, *Economic Problems of Socialism in the USSR*. Gospolitizdat, 1952, p. 77.

process of socialist expanded reproduction of heavy industry, which is the foundation of foundations of the socialist economy.

Between the aim of socialist production and the means of achieving this aim, there exist an indissoluble connection and interdependence. The continuous growth of socialist production creates the conditions for a steady rise in the level of consumption and stimulates the emergence of new needs. The growth of the needs of working people and of their purchasing power is, in turn, a necessary condition for the continuous rise of socialist production, as it creates a steadily expanding market for industry and agriculture and excludes the possibility of economic crises. This market is formed thanks to the rapid growth of both personal and productive consumption. Continuously expanding production presents an ever-increasing demand for means of production and is accompanied by the growth of the number of the working class. The increase in the number of the working class and the steady growth of the incomes of workers, employees, and collective farm peasantry create a systematically expanding solvent demand for consumer goods.

The relationship between production and consumption, stemming from the requirements of the basic economic law of socialism, necessitates definite proportions between the production of means of production and the production of consumer goods, between industry and agriculture, etc., established on the basis of the law of planned, proportional development of the national economy.

IV

The requirements of the basic economic law of socialism are realized in concrete historical conditions depending on the achieved level of productive forces, on available material resources, on the level of needs and purchasing power of working people. In accordance with this, the proportions between the production of means of production and the production of consumer goods also change. Therefore, it is necessary to analyze concretely how the action of the basic economic law manifests itself in various historical conditions, at different stages of socialist construction and what relationship between production and consumption is established depending on this.

In the transitional period from capitalism to socialism, the law of obligatory correspondence of production relations to the character of productive forces operates. This law requires the establishment of socialist production relations throughout the entire national economy, both in industry and in agriculture. The basic contradiction of the transitional period is the struggle between dying capitalism and growing socialism. The transitional period is characterized by the dying away of the economic laws of capitalism and the formation of the economic laws of socialism.

Thus, in the period of transition from capitalism to socialism in our country, as socialist production relations strengthened and grew, the basic economic law of socialism was formed, manifesting its action primarily in the socialist sector. But since the socialist sector played the leading role in the transitional economy, the basic economic law of socialism at the same time

exerted an influence on the development of the entire national economy as well. This manifested itself first of all in the fact that the aim of production changed in the socialist sector. Instead of the chase for maximum profit, production was already conducted in the interests of satisfying the material and cultural needs of working people. But alongside the socialist sector, there existed small-commodity and capitalist sectors. A struggle was underway between socialist and capitalist elements according to the principle "who will win." At the beginning of the transitional period, the country had not yet overcome the devastation caused by the imperialist war and foreign intervention. V. I. Lenin wrote: "...When from all sides we see new demands, we say: this is how it should be, this is socialism, when everyone wishes to improve his position, when everyone wants to enjoy the benefits of life. But the country is poor, the country is beggarly, it is impossible to satisfy all demands yet, that is why it is so difficult in the process of devastation to build a new edifice"[296].

The position of the Soviet country—at that time the sole country of the dictatorship of the proletariat, technically and economically backward, and finding itself in a hostile capitalist encirclement—demanded the all-out development of heavy industry. The preferential development of heavy industry was a necessary condition both for the very existence of the country of the dictatorship of the proletariat and for the successful construction of socialism in this country, and thereby for the creation of prerequisites for a steady rise in the material well-

[296] V. I. Lenin, *Works*, Vol. 27, p. 476.

being and cultural level of working people, as well as for the continuous growth of their needs.

Consequently, during this period the requirement of the basic economic law of socialism consisted principally in the all-out development of heavy industry and its core—machine building—and in the improvement of the material position and raising of the cultural level of working people to the extent permitted by the forced development of heavy industry, which absorbed huge funds that could yield a productive effect only after several years. The creation of heavy industry thus necessitated serious sacrifices.

The accelerated development of heavy industry, carried out at tempos unprecedented in history, required such a rapid development of the first department of social production, manufacturing means of production, that it exceeded many times over the growth of the second department, producing consumer goods. Thus, capital investments in industry for the first five-year plan amounted to 24.8 billion rubles, of which 21.3 billion rubles were invested in heavy industry. For the second five-year plan, out of 58.6 billion rubles of capital investments in industry, the share of heavy industry accounted for 49.8 billion rubles. For three and a half years of the third five-year plan, out of 64 billion rubles of capital investments in industry, heavy industry absorbed 55 billion rubles. As a result of this, serious changes occurred in the relationship between the first and second departments of social reproduction. If in the pre-revolutionary period the specific weight of heavy industry in industrial output was one third, by 1937 its specific weight had already risen to 58%.

Simultaneously with heavy industry, light industry also developed, but at a significantly slower pace.

The rapid development of heavy industry created the necessary prerequisites for the socialist restructuring of small-peasant farming through collectivization. The world's largest socialist agriculture, armed with advanced technology, was created. In 1940, there were 523 thousand tractors and 182 thousand combines in agriculture, and the number of MTS exceeded 7 thousand. Gross agricultural output exceeded the 1913 level by almost 2 times.

The operation of the basic economic law of socialism throughout the transitional period manifested itself in the fact that the socialist industrialization of the country and the collectivization of agriculture were accompanied by a steady rise in the material and cultural level of working people. On the basis of the successes of the country's industrialization and the collectivization of agriculture, workers' incomes, taking into account the elimination of unemployment, increased in 1940 compared to 1913 by more than 3 times, and peasants' incomes —by approximately 3.5 times.

Over the 13 pre-war years, under the leadership of the Communist Party and the Soviet State, relying on the economic laws of socialism, the greatest leap in the development of productive forces was accomplished, transforming the USSR into a mighty industrial power, armed with the most advanced modern technology, capable of defending its independence. With the victory of socialism and the elimination of capitalist elements, the sphere of action of the basic economic law of socialism encompassed the entire national economy as a whole.

However, even after the construction of socialism in our country, the international situation did not allow for a sharper turn toward a sharp expansion of the production of consumer goods. First the necessity of preparing the country for active defense, and then the Great Patriotic War against fascist aggressors required the rapid development of heavy industry. During the years of the Second World War, mighty heavy industry served as a solid base for arming the Soviet Army and as one of the decisive conditions for crushing the enemy.

The war delayed the development of our industry by approximately two five-year plans. In the post-war period, a certain amount of time was required to restore the pre-war level and significantly exceed it.

All this necessitated the accelerated development of heavy industry, above all machine building.

After the completion of the restructuring of the economy on a peaceful footing, which was accompanied in 1945–1946 by some decrease in industrial output, a rapid increase in industrial production began with the preferential growth of means of production. As a result, the specific weight in industrial output of the first department rose from 58% in 1937 to 70% in 1953. At present, compared to the 1924/25 level, 21 times more steel is produced, 19 times more coal, and 45 times more electric power.

The creation and intensive development of heavy industry were accompanied by a rise in light and food industry, as well as collective-farm and state-farm agriculture. On this basis, the steady growth of the well-being of the Soviet people was

carried out. However, the necessity of all-out acceleration of the development of heavy industry, caused by the concrete historical conditions of the construction of socialism in our country and the military situation, could not but exert a restraining influence on the tempos of production of consumer goods and the raising of the material and cultural level of working people. The growth rates of heavy industry far exceeded the growth rates of light and food industry and agriculture. Over the past 28 years in the USSR, the production of means of production as a whole has increased by approximately 55 times, while the production of consumer goods has increased by 12 times.

If in 1953 the production of means of production increased by more than 3 times compared to 1940, the production of consumer goods increased by 72%.

The historically formed relationship between the rates of rise of heavy and light industry, caused by the objective conditions of economic development at preceding stages, cannot be recognized as correct under modern conditions from the standpoint of the maximum possible satisfaction of the growing needs of the people given the level of production. The achieved level of development of heavy industry provides the opportunity to significantly accelerate the rates of rise of branches producing consumer goods. Proceeding from this, the Communist Party and the Soviet Government have set the task of implementing a decisive turn toward a sharp increase in popular consumption, in accordance with the requirements of the basic economic law of socialism.

This turn is expressed first of all in the change of the established relationship between the development rates of the first and second departments of social production in the direction of forcing the development of branches producing consumer goods. Heavy industry and machine building are increasingly switching to serving branches producing consumer goods, supplying them with the most advanced modern technology. A program of wide introduction of automation and mechanization into the production processes of consumer goods, increasing capital investments in light and food industry, and expanding production capacities in these branches is being implemented.

In the Law on the State Budget of the USSR adopted by the fifth session of the Supreme Soviet, large funds are allocated for the further development of branches of industry producing consumer goods. The volume of capital investments for the Ministry of Consumer Goods of the USSR for 1954 is set at 5,850 million rubles against the expected execution in 1953 of 3,148 million rubles.

For the expansion of the production of industrial consumer goods capital investments in the amount of 810 million rubles are allocated for 1954 to the councils of ministers of the union republics for the ministries of local and fuel industry and the ministries of local industry. Capital investments for the food goods industry are increasing sharply. The Ministry of Machine Building of the USSR is obliged to supply the Ministry of Food Goods Industry of the USSR with

technological equipment in 1954 to the amount of 530 million rubles and in 1955 to the amount of 800 million rubles.

At the same time, one of the most important tasks of heavy industry is a sharp increase in the output for the population of consumer goods, including cultural and household goods that ease labor and improve the living conditions of Soviet people.

The indicated measures should lead to a serious expansion of the production of cotton, woolen, and silk fabrics, an increase in the output of garments, footwear, an intensification of the supply to the population of meat, fish, butter, sugar, confectionery, utensils, furniture, an all-out expansion of the production of cultural and household goods—refrigerators, radio receivers, television sets, bicycles, motorcycles, automobiles, etc.

In the matter of developing light and food industry and raising popular consumption, socialist agriculture is called upon to play an enormous role, supplying the population with foodstuffs and industry with raw materials.

The development of heavy industry created the conditions for a steep rise in socialist agriculture. Meanwhile, the level of agricultural production lags far behind the technical equipment of collective farms and the opportunities inherent in the collective farm system. From 1940 to 1952, with the growth of industrial output by 2.3 times, gross agricultural output, in comparable prices, increased by only 10%. In particular, such branches of agriculture as animal husbandry, potato production, and vegetable growing lag both in development rates and in the level of production mechanization. By virtue of

this, a clear discrepancy arose between the rapidly growing need of the population for meat, dairy products, vegetables, fruit, etc., on the one hand, and the level of agricultural production on the other.

Between industry and agriculture, as well as between individual branches of agriculture, there is a close interconnection. Thus, the protracted lag of animal husbandry has become a serious brake on the further development of light and food industry, which needs animal raw materials. In turn, the development of animal husbandry is hindered due to the lag in fodder production and procurement, as well as the insufficient level of potato production. This discrepancy in the development rates of industry and agriculture prevents raising popular consumption to the maximum possible level that it could reach given the degree of the country's industrial development.

The policy of the Communist Party and the Soviet State, based on taking into account the requirements of the basic economic law of socialism, consists in that, while further developing heavy industry, within the next 2–3 years to satisfy in sufficiency the growing needs of our country's population in food products and provide raw materials for light industry. The proportions of the development of industry and agriculture must be subordinated to the solution of this task.

The Soviet Government has outlined a deeply thought-out system of measures aimed at a decisive rise in agriculture. It has been decreed to bring livestock numbers across all agriculture in 1954: for cattle—to 65.9 million heads, for sheep and goats—to 144.4 million heads, for pigs—to 34.5 million

heads. For the purpose of further increasing the production of potatoes and vegetables, it was decided to bring the sown areas under potatoes and vegetable crops in 1954 to the following sizes: in collective farms, potatoes up to 4,128.5 thousand hectares and vegetable crops up to 1,003.4 thousand hectares; in state farms of the Ministry of State Farms of the USSR, potatoes up to 218 thousand hectares and vegetable crops up to 72.5 thousand hectares; in state farms of the Ministry of Food Goods Industry of the USSR, potatoes up to 44 thousand hectares and vegetable crops up to 20 thousand hectares.

A broad program for the further arming of agriculture with advanced technology, a program for the mechanization of production processes, has been outlined. For measures to raise agriculture, radically improve animal husbandry and vegetable growing, and further equip MTS and state farms with advanced agricultural technology, 39.9 billion rubles are allocated from the budget for 1953. In the period from 1954 to May 1, 1957, it is envisaged to supply agriculture with no less than 500 thousand general-purpose tractors (in 15-horsepower calculation), 250 thousand physical row-crop tractors, as well as a large number of agricultural machines, automobiles, etc.

VI

The level of development of the production of material goods and, in particular, objects of personal consumption is one of the decisive prerequisites for the maximum satisfaction of the growing needs of working people. However, this prerequisite alone is not enough. It is necessary to distribute the produced products and, with the aid of exchange, bring them to the consumer.

The economic laws underlying the distribution of material goods under socialism differ fundamentally from the laws of distribution under capitalism.

The distribution of national income under capitalism is determined by the capitalists' ownership of the means of production and the laws of capitalist exploitation, which limit workers' consumption within extremely narrow frameworks. According to the universal law of capitalist accumulation operating under capitalism, the development of production is accompanied by the growing impoverishment of the proletariat and the working masses. By virtue of this, the lion's share of national income created by the labor of workers engaged in material production goes to the exploiting classes in the form of industrial and commercial profit, loan interest, and land rent, and only a small share goes to workers in the form of wages. A part of the national income created by peasants and artisans goes in its significant share to landowners, middlemen, merchants, bankers, and the bourgeois state. A very significant part of the national income is appropriated by the exploiting classes and expended by them on their own parasitic consumption. A part of the national income goes to the expansion of production for the purpose of obtaining maximum profit.

In socialist society, the national income, created by the labor of workers engaged in branches of material production, breaks down into two parts. One part goes to satisfy the personal needs of working people and takes the form of monetary wages of workers and employees, as well as income in kind and monetary income of collective farmers. The other part

represents the net income of society and is expended on the expansion of socialist production in town and country, on the development of culture, the maintenance of the state apparatus, and the strengthening of the country's defense capability. Thus, socialism does not know unearned incomes, which constitute the lion's share of the incomes of capitalist society. In socialist society, the entire national income belongs to the working people and is expended in their interests.

Socialism liquidates the beggarly level of consumption of workers, which stems from the law of the value of labor power and the universal law of capitalist accumulation. The basic economic law of socialism requires the maximum satisfaction of the continuously growing needs of the people. The requirements of the basic economic law of socialism are realized through the economic law of distribution according to work, according to which the share of a worker of socialist society in the national income depends not on the value of his labor power, but on the quantity and quality of the labor that he gives to society. Distribution according to work, by creating the material interest of the worker in the results of his labor, is a powerful factor in raising socialist production and increasing the well-being of working people.

In the resolution of the September Plenum of the Central Committee of the CPSU, it is noted that one of the reasons for the lag of a number of important branches of agriculture, especially animal husbandry, is the violation in agriculture of the principle of the material interest of collective farmers in the results of their labor. Collective farmers receive incomes according to work-days in kind or in money in accordance with

the economic law of distribution according to work. Since under socialism, in the presence of two forms of socialist ownership, economic ties between town and collective-farm village are carried out through exchange, collective farmers realize a significant part of their incomes through purchase and sale at definite prices. The socialist state, in planning prices for consumer goods, proceeds from the requirements of the basic economic law of socialism and takes into account the value of these goods. The law of value requires that goods be sold in accordance with the socially necessary labor expended on them. The socialist state, proceeding from the requirements of the basic economic law of socialism, from the interests of the development of the national economy as a whole, can plan prices for individual goods with certain deviations from their value. At the same time, it covers the temporary unprofitability of some branches or enterprises at the expense of incomes received from other branches or enterprises. Nevertheless, taking into account the operation of the law of value is of great importance for establishing the correct ratio of prices for various goods. Low procurement prices for meat, milk, eggs, etc., established with a significant violation of the requirements of the law of value, did not create the necessary interest of collective farms and collective farmers in the development of social animal husbandry. The same situation existed in vegetable growing and a number of other branches of agriculture. The USSR Council of Ministers and the Central Committee of the CPSU issued a resolution on raising procurement and purchase prices for agricultural goods. Thus, procurement prices for livestock and poultry delivered to the state by way of obligatory deliveries are raised by more than

5.5 times, for milk and butter—by 2 times, for potatoes—by 2.5 times, for vegetables—on average by 25–40%. This resolution aims to eliminate the contradiction between the requirements of the law of value and the price level for agricultural goods, and to raise the material interest of collective farms and collective farmers in the results of their labor, which will undoubtedly be a very important incentive for the development and rise of collective-farm agriculture.

The condition for satisfying the constantly growing needs of the Soviet people is correspondence between the growing monetary incomes of the population and the mass of consumer goods taking into account the price level. On the basis of the accelerated growth of industry in the USSR, a rapid increase in the urban population is taking place. The urban population from 1926 to 1952 increased by more than 3 times. Over recent years alone, the monetary wages of workers and employees have increased by approximately 1.5 times. Real wages are growing particularly fast. Over the period from 1947 to 1953, as a result of a sixfold reduction in retail prices for consumer goods, prices were reduced by more than 2 times, which gave the population an enormous gain.

At the same time, the state's additional expenditures on all-people socio-cultural measures are growing, which are a very significant supplement to wages. They increased from 40.8 billion rubles in 1940 to 129.8 billion rubles in 1953, i.e., by more than 3 times. The social insurance budget increased in 1952 compared to 1940 by almost 2.5 times.

Real incomes of workers and employees calculated per worker in 1951 were higher than in 1940 by approximately 57%. In

1952, the incomes of workers and employees increased compared to 1951 by 7%, and the incomes of peasants—by 8%.

The incomes of the collective-farm peasantry are growing greatly in connection with the measures of the Communist Party and the Soviet State to raise the material interest of collective farms and collective farmers in increasing the crop yields of agricultural crops and in developing social animal husbandry. These measures primarily include the reduction of the agricultural tax, the raising of procurement and purchase prices, the reduction of norms of obligatory deliveries to the state by collective farmers for livestock products, and the reduction of delivery norms by collective farms for potatoes and vegetables. The Soviet State is additionally expending 15 billion rubles in the current year and over 35 billion rubles in 1954 for the implementation of urgent measures for the further rise of agriculture. As a result of all these measures, collective farms and collective farmers will receive over 13 billion rubles in 1953 and over 20 billion rubles in 1954 in additional incomes.

All this leads to an enormous increase in purchasing power and the growth of needs of workers, employees, and the collective-farm peasantry.

To satisfy this growing demand for consumer goods, the Soviet Government has developed a wide program of measures pursuing the goal of an all-out increase in the production of consumer goods. In the current year, it is planned to additionally produce and release for sale to the population goods to the amount of 37.2 billion rubles.

The rapid rates at which the output of industrial goods will increase can be seen from the fact that in 1955 compared to 1950, their production should increase approximately in the following sizes: cotton fabrics—by 70%, woolen fabrics—by 2 times, silk fabrics—by 5.2 times, underwear knitwear—by 2.8 times, hosiery—by 3.2 times, leather footwear—by 70%, garments—by 80%, clocks and watches—by 5.9 times, bicycles—by 5.8 times, radio receivers and television sets—by 5 times, furniture—by 3.9 times.

Broad measures have been outlined for a sharp increase in the production of food goods in 1954–1956. It is envisaged to bring the production of meat by state industry in 1956 to approximately 3 million tons, or increase it by 2.4 times compared to 1950, the production of sausage products to 1 million tons, or increase it by 2.2 times compared to 1950, and the production of poultry meat respectively by 4.7 times. The task for fish catch is set for 1956 at approximately 36 million centners, or 2.1 times more than in 1950. The production of butter is increased in 1956 by 2 times compared to 1950, cheese—by 3.3 times, granulated sugar—by 2.1 times, and refined sugar—by 2.6 times. Large tasks are also set for the coming years on the growth of production of vegetable oil, margarine, all kinds of canned goods, and other food products.

The broad program outlined by the party and government for raising popular consumption presupposes not only a sharp increase in the quantity of goods produced, but also an all-out improvement in their quality.

If in bourgeois society the use value of a commodity interests the capitalist only as a bearer of value and surplus value, in

socialist society the creation of diverse use values of high quality is of paramount importance from the standpoint of realizing the aim of socialist production—the maximum satisfaction of the growing material and cultural needs of the people.

Socialist industry must give the trade network as many sound and beautiful fabrics of all sorts as possible, smart clothing, as many elegant and durable shoes as possible, and many various other goods that the Soviet consumer needs. Our people have every right to demand this, and the party and government oblige the leaders of enterprises and departments to strictly and unswervingly fulfill the demands of the Soviet people.

VII

The implementation of the wide program for a sharp rise in popular consumption outlined by the Communist Party and the Soviet Government requires the all-out deployment of commodity turnover. Trade under socialism is and for a long time will remain the basic form of distribution of consumer goods among members of socialist society.

In contrast to capitalist trade, used by capitalists as an instrument of additional exploitation of working people, Soviet trade is placed at the service of the people. Soviet trade is a form of realization of the incomes of working people received by them in accordance with the economic law of distribution according to work. Workers and employees acquire the consumer goods they need through state and collective-farm trade for their monetary wages. Collective farmers realize their monetary incomes and sell their products through the system of

state procurements, cooperative and collective-farm trade. Thus, the maximum satisfaction of the continuously growing needs of working people depends to a significant degree on the development of Soviet trade and the quality of work of the trade apparatus.

Realizing the connection between production and consumption, delivering to consumers goods produced by socialist industry and agriculture, Soviet trade at the same time actively influences socialist production. It contributes to the expansion of production of consumer goods and the improvement of their quality.

One of the conditions for raising popular consumption is the careful study of the population's demand and the creation of a ramified trade apparatus capable of fully servicing the requests of working people.

Over the post-war years, the retail commodity turnover of state and cooperative trade increased by 2.9 times and significantly exceeded the pre-war level. The assortment of goods sold expanded, and the network of retail state and cooperative trade grew.

In connection with the growth of needs and purchasing power of the population, the structure of commodity turnover is changing rapidly, and the demand for high-quality food and industrial goods is growing both in the city and in the collective-farm village. Thus, in 1951 compared to 1940, the delivery of bicycles to the village increased by 225%, cameras —by 254%, radio receivers—by 722%, clocks and watches— by 208%. Books sold in the countryside by consumer

cooperation alone, not counting the turnover of state bookstores in the countryside, amounted to 2.3 times more than in 1940. Before the war consumer cooperation did not sell automobiles, but in 1951 tens of thousands of automobiles were sold.

The measures adopted by the Soviet Government to expand the production of consumer goods already in the current year have led to an increase in commodity turnover. Retail commodity turnover of state and cooperative trade in 1953 compared to 1940 increases by 79% (in comparable prices). If over the preceding three years commodity turnover increased on average per year by 13% (in comparable prices), in 1953 relative to 1952 it increases by 20%. The structure of commodity turnover is improving seriously. In pre-war 1940, industrial goods accounted for 36.9% of the country's commodity turnover, and in 1953 their share increases to 45.3%.

The USSR Council of Ministers and the Central Committee of the CPSU deemed it necessary in 1954 to increase the volume of retail commodity turnover of state and cooperative trade compared to 1950 by 72% (in comparable prices) against the 70% provided for 1955 by the five-year plan, i.e., to surpass the five-year plan task set for 1955 already in 1954.

The major increase in procurement and purchase prices for agricultural production currently being carried out is implemented while maintaining the existing retail prices for consumer goods sold to the population, which were significantly reduced at the beginning of 1953. The line toward systematic price reduction remains henceforth the main line in

the field of our economic policy. It stems from the requirements of the basic economic law of socialism.

In this connection, of particularly great importance is the use of economic instruments associated with the law of value for the accelerated development of the production of consumer goods. This first of all relates to economic accounting (*khozraschyot*) as a method of planned economic management based on taking into account the operation of the law of value.

For the accelerated development of branches producing consumer goods and raising the well-being of working people, it is necessary to all-out strengthen the struggle for the consistent introduction of economic accounting, for the better use of production capacities, rational organization of production, increase in labor productivity, and reduction of production costs in all branches of socialist industry. As labor productivity grows and production costs decrease, a further reduction in retail prices will occur.

All this indicates that the aim of socialist production—ensuring the maximum satisfaction of the constantly growing needs of the popular masses—will be carried out at the stage of socialism through the use of commodity-money instruments associated with the existence of the law of value, through the all-out deployment of commodity turnover.

In view of the incorrect guidelines that circulated in our press until recently concerning the direct transition to direct product exchange already at the stage of socialism, it is necessary to emphasize with all force the immutability of the Marxist-Leninist proposition that we can arrive at the dying away of the

law of value, money, commodity turnover, and the establishment of the communist principle of direct distribution at the higher phase of communism only as a result of the all-out use of the law of value and the deployment of commodity turnover at the stage of socialism.

VIII

All that has been set forth allows us to conclude that the interrelation between production and consumption under socialism changes radically in comparison with preceding social formations.

The continuous growth of production on the basis of higher technology leads to a systematic, ever-increasing expansion of the production of consumer goods, which flow through distribution and exchange to the working masses and ensure a steady rise in popular consumption. The rise in popular consumption causes a growth in the needs and purchasing power of the masses and serves in turn as a powerful stimulus for the further rise of socialist production. At the same time, under socialism the reverse active influence of distribution and exchange on production is enhanced to an enormous degree, which contributes to the further development of industry and agriculture. All these processes are subordinated to a single aim —the maximum satisfaction of the constantly growing needs of society—determined by the basic economic law of socialism.

The most vivid expression of this is the resolutions of the fifth session of the Supreme Soviet of the USSR and the September Plenum of the Central Committee of the CPSU, as well as subsequent decisions of the party and government aimed at

creating an abundance of consumer goods and raising the well-being of the people.

The resolution of the September Plenum of the Central Committee of the CPSU and subsequent decisions of the party and government have international significance. They have been met with great enthusiasm by the working people of the countries of people's democracy. They awaken hope among the working people of capitalist countries for liberation from the yoke of capital, for a better future.

These decisions cause rabid malice among imperialists and aggressors. Thus, the American newspaper *The New York Times* responded to the resolution of the September Plenum of the Central Committee of the CPSU with articles in which it attempts to portray the turn toward the enhanced production of consumer goods as a transition to "NEP of the 1953 model" and to convince the reader that the resolution of the September Plenum was supposedly caused by the fact that population growth in the USSR is outpacing the growth of food production and that "Malthus is needed by the Soviets no less than Karl Marx."

The absurdity of these assertions is completely obvious to any unbiased reader even slightly acquainted with socialist economy. The aim of the new economic policy, designed for the victory of socialist elements over capitalist ones, was achieved in our country long ago. The victory of socialism meant the end of NEP. And only enemies who do not wish to see our successes can assess measures aimed at raising the material interest of collective farmers in their labor as some

kind of return to a long-passed stage of the so-called new economic policy.

Equally absurd is the fabrication about Malthusianism. It is precisely the experience of socialist construction in the Soviet Union that most convincingly refutes the reactionary fabrications of Malthusianism. It shows that continuously improving mighty technology is capable of increasing the amount of means of subsistence at rates exceeding the fastest population growth. In the socialist economy, the capitalist law of population has lost its force, by virtue of which, with the growth of social wealth, an ever larger part of the population turns out to be redundant and replenishes the army of the unemployed.

Under socialism, a different law of population operates, according to which the constant growth of population is combined with the continuous growth of the people's well-being under full employment of the entire able-bodied population.

In the socialist economy, not population growth, but the continuous growth of the needs and purchasing power of the people outpaces the achieved level of production of consumer goods and moves it forward. The non-antagonistic contradiction arising in the course of communist construction between the level of socialist production achieved at each given moment and the even more rapidly growing needs of the masses is resolved through the further expansion of production, which leads to a new rise in popular consumption, to the growth of needs causing a new expansion of production.

All this shows that the broad program for raising the people's well-being carried out by the Communist Party and the Soviet Government is a regular phenomenon, the general line of our economic policy determined by the economic laws of socialism.

The continuous rise of popular well-being is a requirement of the basic economic law of socialism and at the same time the conscious aim of the guiding activity of the party and the socialist state as genuine exponents of the interests of the popular masses. "The law for our party and Government," says Comrade G. M. Malenkov, "is the obligation to untiringly care for the welfare of the people, for the maximum satisfaction of their material and cultural needs."

Socialist economy with its laws is a sealed book for American businessmen and their ideological henchmen, blinded by animal hatred for the country of socialism.

But for us, Soviet people, and for all progressive humanity, there can be no doubts that the Soviet State under the leadership of the Communist Party, armed with the theory of Marxism-Leninism, will implement the majestic program of a new huge rise in popular consumption and will thereby make a further serious step forward along the path to the great goal—the building of communist society.

Questions of Economics, No.12, 1953.

E. RUDAKOVA

ON THE MARKETABILITY OF SUBURBAN KOLKHOZ PRODUCTION

The September Plenum of the Central Committee of the CPSU set before our country as the most pressing and important national economic task—on the basis of the mighty growth of socialist industry, to achieve a steep upswing in all branches of agriculture and within two to three years sharply increase the provision of the entire population of our country with food goods.

Suburban agriculture plays an exceptionally large role in solving this task. The vegetable-potato-livestock bases created around large cities and industrial centers are called upon to supply the population of these cities and centers with the most important livestock products.

The resolution of the September Plenum of the Central Committee of the CPSU outlines measures for a decisive upswing in lagging branches of agriculture—animal husbandry, vegetable growing, and potato production—that is, those branches that are leading in suburban zones.

In light of the new tasks for the further upswing of agriculture, the questions of the marketability of suburban collective farm production, in particular the Moscow suburban zone, are of great interest.

The necessity of commodity production and commodity circulation in our national economy is conditioned by the presence of two forms of socialist ownership—all-people's and collective farm. The means of production and production output in state enterprises constitute all-people's property. The production output of state enterprises is disposed of by the state. In collective farm production, the means of production (land, machines) belong to the state, while production output constitutes the property of the collective farms. Economic ties

between the town and the countryside are carried out through purchase and sale.

The marketable output of collective farms is realized through delivery-sale under state obligations, sale to the state and cooperatives on account of procurements, in the form of in-kind payment for MTS work in collective farms, and through sale on the collective farm market.

These forms of realization of collective farm marketable output differ in their significance for the national economy and in the character of the collective farms' economic ties with the town. Output realized on account of state deliveries, procurements, and in-kind payment is planned by the state and constitutes the main part of the collective farm marketable output. For output on account of state deliveries, the state settles with the collective farm in money at established state procurement prices and partially, for a number of agricultural products, through the reciprocal sale of industrial goods to collective farms on preferential terms.

Output realized on account of procurements is paid for at elevated purchase prices. It is also planned by the state. Output coming from in-kind payment for MTS work does not receive a monetary form of exchange and is a special form of marketable output. The state, through MTS as the industrial-technical base of the collective farm system and the decisive force in developing collective farm production, arms collective farms with advanced machinery to perform agricultural work. Collective farms pay for the completed MTS work not only with money, but also with agricultural products in kind. The volume of agricultural work and in-kind payment is planned by the state. The owner of this part of marketable output prior to its transfer to the state is the collective farm; this conditions the inclusion of in-kind payment in the collective farm's marketable output.

A certain share of marketable output is realized by collective

farms on the collective farm market. It is not planned by the state and is realized by collective farms at prices forming on the collective farm market. Partially, commodity resources created in collective farms are realized not by collective farms, but by collective farmers from that share issued according to workdays (trudodni). Although this part of marketable output is created in collective farms and enters the general commodity turnover of the country, it cannot be considered the marketable output of the collective farms. With the transfer of output via workdays to collective farmers, its owner becomes the collective farmer, not the collective farm, and he realizes it at his own discretion.

The marketability of collective farm production receives its numerical expression from the ratio of marketable and gross output. Considering the features of agriculture conditioned by the presence of land as the most important means of production, when investigating issues of the marketability of collective farm production, an additional indicator is necessary that characterizes the output of marketable production per unit of land area (for crop production per 1 ha of arable land, and for livestock production per 1 ha of agricultural lands).

Major shifts occurred in the field of animal husbandry. The cattle population increased by the beginning of 1953 compared to 1940 by 37%, and the cow population—by 43.2%. The population of pigs, sheep, and poultry grew. Agriculture in the Moscow suburban zone has become more skilled, more intensive, and multi-branch. This is also evidenced by data on the marketability of leading branches and crops in the collective farms of the Moscow suburban zone. Analysis of annual collective farm reports for 1952 shows that the marketability of vegetable growing was 61.5% of the total gross harvest, milk—67.2%, potatoes—36.4%, and industrial crops (flax straw)—85%. The marketability of grain crops, according to 1948 data, was 44.8%, horticulture—91.1%, and

seed growing of vegetable and fodder crops—40%.
In recent years, the share of vegetable and fodder crop seed growing in marketable output has noticeably increased. This branch of economy in collective farms of Moscow Region has great prospects for its development in connection with the set task of expanding sowings of vegetables, potatoes, fodder root crops, etc. The production of fodder crops does not bear a commodity character and serves to satisfy the collective farms' own needs in connection with growing animal husbandry.
However, behind these average data lies a great variety of ratios of agricultural branches and crops and their level of marketability across districts of the Moscow suburban zone.
Let us cite as an example data for five districts—Ramensky, Leninsky, Kommunistichesky, Kashirsky, and Volokolamsky —which basically reflect typical varieties of collective farm production in the Moscow suburban zone.
(Note: Detailed statistical breakdowns across these districts cover crop and livestock production shares).
The level of marketability of collective farm production is far from identical across these districts:
Leninsky District: 68.4% marketable output to gross output
Ramensky District: 49.5%
Volokolamsky District: 46.0%
Kashirsky District: 39.0%
Kommunistichesky District: 31.4%
The cited data show that the collective farms of Moscow Region develop in the direction of a suburban-type economy. However, the suburban zone does not represent some uniform economy: a great variety is observed here in the combination of economic branches and the level of marketability across districts. This requires a differentiated zonal approach when planning agriculture in the suburban zone and when developing measures for its further development.
However, suburban collective farm production in the Moscow

zone still falls far short of meeting those demands placed upon it in connection with the growing needs of the population of Moscow and the industrial centers of the region.

Therefore, the further upswing of suburban collective farm production on the basis of implementing the measures adopted by the September Plenum of the Central Committee of the CPSU is an urgent task.

Let us examine in more detail the issues of vegetable growing, potato production, and dairy animal husbandry in the Moscow suburban zone.

Agriculture in the Moscow suburban zone has recently increased the marketable production of vegetables. This is evidenced by the fact that in 1940 the specific weight of vegetables produced in the zone and delivered to Moscow and industrial centers of the region was 35.5%, while in 1952 it was already 51.1%. However, such growth rates cannot be considered satisfactory: vegetable growing in the collective farms of the zone must increase significantly, as follows from the tasks set by the Plenum of the Central Committee of the CPSU.

Areas under vegetables in collective farms of the zone have expanded. Yields of vegetable crops in connection with the mastery of the ley farming system of agriculture, improved agrotechnics, and increased mechanization of work have risen somewhat in recent years. However, they are still extremely unstable. For example, according to data for the last 16 years, cabbage yields ranged from 92 to 248 centners per hectare, cucumbers from 43.5 to 120 centners, and tomatoes from 74 to 147 centners. It is clear that with such fluctuations it is impossible to create a solid vegetable base in the suburban zone. The marketable output of vegetables per 1 ha of arable land has remained almost unchanged since 1940.

Experience of advanced collective farms shows that vegetable crop yields in the Moscow suburban zone can be increased two

to three-fold. Advanced collective farms obtain stable yields over large areas: cabbage 60–70 tons per 1 ha, carrots 50–60 tons, onions 30–34 tons. The utilization of advanced workers' achievements in growing high stable yields is a powerful means for the further growth of vegetable growing and increasing marketable vegetable output in the suburban zone.
The reasons for the lagging of vegetable growing uncovered by the September Plenum of the Central Committee of the CPSU fully manifested themselves in the collective farms of the Moscow suburban zone as well. Existing procurement and purchase prices for vegetables insufficiently stimulated the material interest of collective farms and collective farmers in developing vegetable growing. Errors were permitted in procurement practice in calculating vegetable delivery norms, in particular the inflation of norms for advanced collective farms, which undermined the collective farms' interest in the struggle for high yields and marketability of vegetable growing.
These reasons holding back the development of vegetable growing have now been eliminated. Higher procurement prices have been established for late and early vegetables, compulsory delivery norms for vegetables have been reduced, and a system of state procurements by way of contracting is widely deploying, which allows the state to plan in advance the quantity of output coming in above compulsory deliveries. Under such a system, collective farms and collective farmers have the opportunity to receive monetary advances and acquire necessary industrial goods.
Procurement prices for vegetables across the country as a whole are rising on average by 25–40%. Additions have been established to procurement prices for cabbage, onions, carrots, and table beets for suburban collective farms.
To eliminate the lagging of early vegetable growing, procurement prices for early vegetables have also been raised

and additions established for suburban zones. Hotbed-greenhouse produce and early open-ground greens when delivered to stores and public catering enterprises will be paid for at retail prices with a 25% discount.

Furthermore, an important stimulus for suburban collective farms will be the sale to them of grain from state warehouses at uniform retail zonal prices with a 40% discount from the established price. This sale is conditioned on the fulfillment of compulsory deliveries and in-kind payment and will be made at the rate of 1 centner of grain for every 10 centners of vegetables and potatoes.

In connection with the fact that in a number of collective farms and districts marketable vegetable growing and potato production are leading branches of the economy, and also for the purpose of stimulating their further growth, it is envisaged to reduce compulsory grain delivery norms by 25% for collective farms in suburban zones and zones of alcohol, starch-treacle, drying, and canning industries if the collective farm has potato and vegetable sowings exceeding 10% and up to 15% of the total sown area, and by 50% if the collective farm has potato and vegetable sowings exceeding 15% and up to 20% of the total sown area. Collective farms having potato and vegetable sowings exceeding 20% of the total sown area are completely exempt from compulsory grain deliveries to the state. These benefits can be used by collective farms only on condition of fulfilling obligations for the current year regarding deliveries of potatoes and vegetables to the state, delivery of potatoes and vegetables as in-kind payment for MTS work, and return of potatoes on loans.

In the Moscow suburban zone, many collective farms and even entire districts can receive these benefits.

Radical changes will occur in the forms of realization of vegetable marketable output by collective farms, as evidenced by the following data:

- Delivery to the state under compulsory deliveries: 1952 actually realized = 96.2%; 1953 established by plan = 21.9%
- Sale via state procurements: 1952 actually realized = 3.8%; 1953 established by plan = 78.1%

Suburban agriculture represents a totality of collective farm, MTS, and state farm economies located on the territory of a district, several districts, or a region, gravitating toward a city or industrial center, connected with the city by local transport, and specializing in the production of low-transportability and perishable products to satisfy the needs of the urban population of this city or industrial center in vegetables, potatoes, and livestock products. Over the years of socialist construction in our country, vegetable-potato and livestock bases have been created around large cities and industrial centers. The Moscow and Leningrad zones have the most developed suburban-type economy.

In the Moscow zone, before amalgamation there were over 6 thousand collective farms, and after amalgamation—1,419 collective farms, which are serviced by 115 Machine and Tractor Stations. After amalgamation, an average of 1,145 hectares of land pertains to a single collective farm, including 836 hectares of arable land.

The sown areas of the zone grew almost twofold over the years of Soviet power. With the creation of large socialist economy, the structure of sown areas changed toward increasing areas under potatoes, vegetables, and fodder crops.

In 1940, in terms of sowing vegetables, potatoes, and fodder crops, collective farms of the Moscow suburban zone occupied one of the first places among other regions of the country: while vegetable and potato sowings across the entire USSR constituted 6–7% of all sowings, in the Moscow suburban zone they reached 19.2%; fodder sowings respectively—12.0 and 24.4%; grain crops—73.4 and 53.8%.

Potato planting areas in collective farms of the Moscow suburban zone have increased. In the majority of the zone's collective farms, potato sowings constitute 10–20% of total sowings. Its specific weight is highest in districts adjacent to Moscow and industrial centers of the region. In recent years, potato sowings have also noticeably expanded in the northern and southern districts of Moscow Region. Deliveries of potatoes from Moscow Region to the capital constituted 60.6% in 1940, 24% in 1947, 69.4% in 1948, and 77.6% of total deliveries in 1952.

Further increase in potato production in Moscow Region requires above all raising crop yields, which so far remains low and, most importantly, unstable. Over the last 16 years, yields ranged from 14.2 tons to 3.5 tons per 1 ha. The output of marketable production per 1 ha of arable land is growing slowly. In 1939, marketable potatoes per 1 ha of arable land amounted to 1.6 centners, and in 1952—2.3 centners. The reserves for raising potato yields are vividly demonstrated by the experience of advanced collective farms that obtain 40–50 and more tons per 1 ha.

It is necessary to overcome the lagging in early potato production as well. During the war years and partly in the post-war years, many collective farms lost seed material of early potato varieties. At the same time, advanced collective farms ("3rd Five-Year Plan" in Ukhtomsky District, "Novaya Zhizn" in Simkinsky District, "Vpered" in Pushkinsky District, etc.), systematically engaged in growing early potatoes, show that with appropriate attention to this issue, early potato production can be ensured in sufficient quantity to supply Moscow.

The September Plenum of the Central Committee of the CPSU uncovered the reasons for the lagging in potato production and outlined measures for a decisive increase in potato production in collective farms.

Lagging in potato production, just like vegetable production, is

largely explained by the weak material interest of collective farms and collective farmers in developing this crop, insufficient mechanization of agricultural work, and a low level of agrotechnics.

Existing procurement prices weakly stimulated marketable potato production. Delivery norms were frequently calculated incorrectly, in particular norms were inflated for suburban zone collective farms. Higher norms were established for advanced collective farms, which undermined the collective farms' interest in increasing potato production. The existing system of levying in-kind payment for MTS work depending on biological yield did not stimulate the struggle of advanced collective farms for high yields.

In accordance with the decisions of the Plenum of the Central Committee of the CPSU, compulsory potato deliveries are decreasing and state procurements are significantly expanding. At present, procurement prices for potatoes have been increased 2.5 times. With the reduction of delivery norms, collective farms will receive the opportunity to realize marketable potatoes in significant quantities at a purchase price that exceeds the former procurement price by 8.3 times. Procurement prices for early potatoes are significantly increased. New rates of in-kind payment for potatoes have been established, which will contribute to raising the mechanization of cultivating this labor-consuming crop.

The level of potato marketability achieved by suburban collective farms does not correspond to the enormous opportunities at the disposal of the collective farms. Further growth in marketable potato production is conditioned by a decisive rise in crop yields on the basis of wide mechanization with check-row planting and high agrotechnics, expansion of early potato sowings, and placement of sowings on the best lands. Raising procurement prices, reducing deliveries and expanding procurements at higher purchase prices, as well as

changing in-kind payment rates will lead to a more rapid growth of potato marketability in collective farms.
Raising potato marketability in collective farms of the Moscow suburban zone had a major impact on strengthening the economics of collective farms, as illustrated by data for a number of post-war years across collective farm groups categorized by marketable potato production per 1 ha of arable land:
- Monetary incomes, indivisible fund deductions, and workday payouts all scale dramatically upward with increased potato marketability per hectare.
Mechanization of potato cultivation work is an urgent task. In collective farms of the Moscow suburban zone, the level of mechanization of potato production work compared to other crops is characterized by high spring plowing/sowing mechanization but lower harvesting mechanization (combines and diggers still requiring manual collection support).
Dairy animal husbandry in the Moscow suburban zone has steadily developed in recent years, and the specific weight of the zone in milk deliveries to Moscow has increased annually. Thus, while in 1937 milk deliveries to Moscow from collective farms and state farms of Moscow Region constituted 42.9%, in 1950 it was already 57.2% of total deliveries. The output of marketable milk per 1 ha of agricultural lands increased. While in 1940 there were 35 liters of marketable milk per 1 ha, in 1952 there were 73 liters.
The pace of dairy animal husbandry development in collective farms of Moscow Region is characterized by livestock population growth (cattle up 37% by 1953 compared to 1941, cows up 43.2%).
A significant part of the cattle population is located outside the 50-kilometer zone and in districts adjacent to the Moscow and Oka rivers. Such placement is connected with the availability and size of feed resources.

Productivity of dairy animal husbandry has increased in recent years, but it has not yet reached 2,000 liters per cow per year on average across the region. At the same time, in the collective farms of the Moscow area there are hundreds of masters of dairy animal husbandry who ensure milk yields of 5–6–7 thousand kg of milk per cow per year. The achievements of advanced workers speak of great reserves in this area that have not yet been utilized by the collective farms of the suburban zone.

It must be emphasized that dairy animal husbandry was insufficiently developed even in pre-war years; it could not satisfy the needs of Moscow and the cities of the region in dairy products. At present, the population of the region's industrial cities has increased, and its needs for milk and dairy products have grown immeasurably.

The growth rates of milk production in collective farms of the Moscow suburban zone have lagged behind the needs of the urban population. To meet Moscow's milk needs according to scientifically grounded nutritional norms, it is necessary to significantly increase the cow population while raising milk yields almost twofold. Solving this task is possible only on condition of overcoming those serious difficulties that arose on the path of dairy animal husbandry development in the suburban zone and hinder its further growth. These difficulties are connected with a significant lagging of the feed base, slow rates of premises construction, and mechanization of work in feed procurement and on farms.

Thus, procurement prices for milk are doubling, and purchase prices for milk for collective farms of the Moscow suburban zone are increasing almost threefold.

State procurements of milk, meat, butter, and eggs are also stimulated by the reciprocal sale to collective farms of trucks and spare parts for them, car trailers, electric motors, roofing slate, nails, water pipes, etc., at the rate of 100 rubles of

industrial goods at retail prices for every 100 rubles of product value sold.

To strengthen the monetary economy of collective farms and ensure the uniform receipt of monetary incomes, collective farms that have concluded contracts for the sale of meat and milk by way of state procurements will be issued a quarterly monetary advance in the amount of 30% of the purchase value of these products subject to delivery under contract for the quarter.

Collective farms are granted the right, at the discretion of general meetings of collective farmers, to issue to collective farmers as an advance approximately 25% of monetary funds received from the realization of livestock and livestock products.

The most important significance for suburban zones is the correct structure of the cattle herd. At present, the cow population in the total cattle herd across collective farms of Moscow Region constitutes 50%. The specific weight of cows in suburban zones must be brought up to at least 60%. It is also important to ensure the uniform receipt of milk in industrial centers throughout the year. In Moscow, milk arrives from collective farms of Moscow Region in winter months 4–5 times less than in summer. Non-uniform milk receipt depends mainly on poor organization of mating and calving schedules.

To encourage autumn-winter milk production, collective farms of the Moscow and Leningrad zones, as well as a number of other industrial centers, will receive 5–7 times more per liter of milk sold during this period under state procurements compared to the previously operating procurement price.

Raising the level of marketability of dairy animal husbandry in collective farms of the suburban zone is closely connected with further strengthening the economics of collective farm production, increasing monetary incomes, and growing indivisible funds.

(Statistical tables comparing income, indivisible funds, and workday payouts across collective farm groups categorized by marketable milk output per 1 ha of agricultural lands).

With the further growth of marketable milk production under new procurement and purchase prices, collective farm monetary incomes, indivisible funds, and workday money payouts will increase several-fold in the next two to three years.

Marketability of collective farm production grows on the basis of strengthening the public economy of the artel. At the same time, high marketability is the main source of growing monetary incomes and increasing accumulations for expanded reproduction.

With the development of marketable production of vegetables, potatoes, and milk in the collective farms of the suburban zone, the economics of collective farms strengthened. Monetary incomes from agriculture per 1 ha of agricultural lands in collective farms, despite severe trials during the war years, increased by more than 2.5 times compared to 1939. The structure of monetary incomes also changed. While in 1939 incomes from collective farm animal husbandry constituted 16% of monetary receipts, in 1952 they constituted 45.1%.

Translating into life the resolution of the September Plenum of the Central Committee of the CPSU, the collective farms of the Moscow suburban zone will be able in the near future to sharply increase the production of potatoes, vegetables, milk, and other products, strengthen their economy, and ensure an upswing in the material well-being of collective farmers.

Questions or Economics, No.12, 1953.

Xue Muqiao

THE OPERATION OF THE LAW OF VALUE IN THE NATIONAL ECONOMY OF CHINA[297]

The work of J. V. Stalin, "Economic Problems of Socialism in the USSR," plays a very important role in the planned economic construction of our state. J. V. Stalin's work gives us the opportunity to raise to a higher level of theoretical generalization the precious experience accumulated during the years of economic restoration, to comprehend how we used various economic laws in the past and how to complete the restoration of our country's national economy more rapidly. It enables us from now on to apply these economic laws even more consciously to guide the planned economic construction of our state, without violating objective economic laws and without committing serious mistakes.

The economic situation of the new China, which is in a transitional period, is extremely complex and incomparable with the situation that the Soviet Union has now attained. Alongside the state economic sector, which is socialist in character, there is a private capitalist sector and an extremely vast sector of individual peasant and handicraft economies. The economic laws corresponding to these forms of economy play a definite role in our country's national economy. The state sector has already achieved a leading position in the national

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[297] *The article by Chinese economist Xue Muqiao (a member of the Financial and Economic Committee of the Government Administration Council of the PRC), published here is printed in the Chinese journal Xuexi ("Study") No. 9, 1953. The article is of interest as an attempt at a theoretical generalization of the processes taking place in the economy of the People's Republic of China.*

economy, and therefore the economic laws of socialism not only dominate in the state sector of our country, but also serve as the guiding force of the national economy as a whole. On the other hand, the individual economies of peasants and artisans still predominate in the country's economy, while private capitalism also continues to occupy important positions. Small-commodity production and capitalist commodity production, based on private ownership of the means of production, cannot but be subject to the regulatory influence of the law of value. Only through the correct utilization of the law of value and via the law of value can the state sector guide commodity production in these sectors.

Commodity production in the new China is widespread. Agricultural production, which accounts for about 60% of the value of gross industrial and agricultural output, is still predominantly represented by the individual household sector. The production of the latter is small-commodity and natural in character, wherein the share of natural production is decreasing while the share of commodity production is increasing. The production of individual artisans and manufacturing, which accounts for more than 10% of the value of gross industrial and agricultural output, is almost entirely commodity production. Even in modern industry, which is small in specific weight, capitalist commodity production occupies a significant place. State industry encompasses about 60% of modern industry, but its specific weight in the value of gross industrial and agricultural output is still small. At the same time, about half of all state industry output consists of consumer goods and goes to the market for sale; a certain portion, albeit a very insignificant one, of the means of production also goes to the market.

That part of state industry output which is no longer covered by the sphere of commodity circulation is comparatively small in the total value of gross industrial and agricultural output; nevertheless, representing modern means of production, it is of

decisive importance for the national economy and the further development of the country's economy. The consumer goods produced by state industry, although directed to the market, are no longer regulated by the law of value. Over the past 3-4 years, in connection with the development of state industry, its specific weight in production has been continuously increasing. The production of certain most important products by private industry and agriculture is gradually being brought under state control through the application of the system of raw material processing contracts, the system of product orders, and the organization of widespread procurement of output. State and cooperative trade, which currently constitutes more than half of the country's total trade turnover, has already encompassed the bulk of foreign trade and wholesale domestic trade. Thanks to this, commodity production and the law of value have already been restricted to a certain degree, and the spontaneous character and destructive role of the law of value have been particularly significantly restricted.

The steady strengthening of the leading positions of the state sector and the consistent restriction of the operation of the law of value are among the most important victories won on the economic front over the past 3-4 years. Before the formation of the Central People's Government and in the initial period after its formation, when our state industry, transport, and communications were in the stage of regularization, and the state bank and state trading organizations were only just being established, we were not yet able to establish control over the market, nor could we overcome the disorderly phenomena on the market caused by more than a decade of inflation during the reactionary Kuomintang regime. The law of value was not properly restricted at that time and played a major destructive role. Speculation, which raged on the market, inflicted serious damage on the restoration of production and the improvement of the people's standard of living. Immediately upon its

formation, the Central People's Government proceeded to carry out various measures for the rapid restoration of state industry, transport, and communications, the creation of the state bank and state trading organizations, and also took decisive measures to combat speculation. In a short period of time, inflation was stopped, and currency circulation and commodity prices were stabilized. The leading position of the state sector in the entire national economy of the country was firmly established.

The establishment of the leading position of the state sector in the country's economy significantly restricted the destructive role of the law of value. But does this mean that we have entirely eliminated the law of value and all aspects of its manifestation? Obviously not. We utilized the law of value to achieve leadership over the private sector of the economy. For example, in relation to private industry, we pursued a policy of concluding contracts for raw material processing and placing orders for goods, allowing capitalists to receive a rational profit; in relation to the peasantry, we pursued a policy of widespread procurement of key agricultural products at rational prices, and so on. These correct measures, carried out in accordance with the law of value, not only accelerated the restoration and development of industrial and agricultural production, but also enabled the state to concentrate in its hands various vital material resources indispensable to the people and the country, as well as to establish control over market prices. Thus, we gained the opportunity, in accordance with the needs of the state and the population, to use a correct price policy to regulate private commercial and industrial activity and the development of agricultural production, to gradually overcome the anarchy of private production, and in connection therewith, to prepare the necessary conditions for planned economic construction.

China's industrial production is still at a low level. Therefore, we must utilize all those capitalist elements that can be useful to the state and the people in order to accelerate the restoration and development of the national economy. Simultaneously with the rapid development of the state sector, we need to take effective measures to utilize, restrict, and transform private commercial and industrial activity. To achieve this goal, it is necessary, relying on the law of value, to firmly master the market, master the correct price policy, and gradually expand the system of state orders and contracts. Only in this way can we achieve an enhancement of the guiding role of the state sector in relation to private industry and trade, gradually channel private capitalism into the mainstream of state capitalism, and gradually extend the state plan to it. At the same time, only through the correct utilization of the law of value can we, while observing the vital interests of the peasantry, consolidate the worker-peasant alliance and strengthen the state sector's leadership over agricultural production. The successes achieved in the restoration and development of the country's national economy over 3-4 years, especially the successes in utilizing the law of value to regulate private industry and trade, develop agricultural production, and establish the leading position of the state sector, have fully and completely confirmed the correctness of the theoretical propositions scientifically developed by J. V. Stalin.

At the same time, these successes testify to the correct leadership exercised by the Communist Party of China and the Central People's Government headed by Comrade Mao Zedong. The study of the work "Economic Problems of Socialism in the USSR" will help us successfully utilize the theoretical weapon given by J. V. Stalin to guide economic construction and achieve further, even greater successes.

The restoration of our country's economy was victoriously completed in 1952. Starting from 1953, the period of planned

economic construction began. Thanks to the correct leadership of the Central Committee of the CPC during the restoration period, we achieved major victories on the economic front; however, due to the fact that not all preparatory work was completed, we could not yet have a state-wide economic plan. As a result, the development of our national economy could not help but bear a certain spontaneous character. With the beginning of economic construction, we must develop a state-wide economic plan and gradually improve it in order to accelerate the construction of socialist industry and ensure the proportional development of our national economy. This economic plan will not only accurately guide our state industry, but will also, within certain frameworks and to a certain degree, guide the production of private industry and agriculture. We will exert all efforts to overcome spontaneity, strengthen planning, and gradually encompass the entire national economy with planning, so as to allow the guiding role of the economic laws of socialism to manifest itself more broadly.

The planning of the national economy by no means denies the important role of the law of value in the country's national economy. Comrade Stalin pointed out: "Where there are commodities and commodity production, there cannot but be the law of value"[298]. In China's national economy, where small-commodity and capitalist-commodity production based on private ownership of the means of production is widespread, the law of value naturally plays a significantly greater role than in the Soviet Union, where the system of private ownership has already been eliminated. The law of value will still exert a serious regulatory influence on our private industry and agricultural production. However, on the other hand, its

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[298] *J. Stalin, Economic Problems of Socialism in the USSR, Gospolitizdat, 1952, p. 19.*

regulatory role in production is more or less restricted by the economic laws of socialism and the state plan reflecting these economic laws.

Our state is already in a position to utilize the law of value and, within certain frameworks and to a certain degree, controls private industry and agriculture so that they basically correspond to the state economic plan.

The scattered individual peasant households cannot be directly regulated by the state plan; the share belonging to commodity production is regulated mainly by the law of value, while output going to satisfy internal needs is produced in accordance with the needs of the peasants themselves. However, the state, having created state trading organizations and supply-and-marketing cooperatives on a country-wide scale in China, exercises control to one degree or another over the circulation of certain most important agricultural commodities. Currently, the state holds in its hands about 60% of the country's total marketable grain, about 90% of marketable cotton, and also determines prices for grain, cotton, and some of the most important types of industrial raw materials. In this regard, the possibility already exists of using price policy to influence the volume of production of these agricultural products. Over the past 3 years, by raising cotton prices, we have achieved an increase in its production. This indicates that by utilizing the law of value and implementing various political and economic measures, we can achieve, within certain frameworks and to a certain degree, control over the volume of production of certain key agricultural products. The further development of mutual aid groups and production and supply-and-marketing cooperatives in the sphere of agricultural production will provide the state with the opportunity, through these organizations and by utilizing the law of value, to guide agricultural production even more effectively and gradually bring it under the state plan.

In private industry, production is still regulated generally by the law of value. However, private industrial enterprises in a number of important branches are currently being transformed into state-capitalist ones through the application of the system of raw material processing contracts, product orders, and the organization of joint state-private enterprises. Yet the state-capitalist economy will be regulated by the state plan, although not to the same degree. The state plan is already in a position to exercise indirect regulation. At present, joint state-private industrial enterprises account for 6% of the value of the gross output of large-scale industry in the country.

Important branches of production in private industry are mostly already encompassed by the system of state raw material processing contracts and product orders. The state and cooperatives have already encompassed from 60 to 70% of the value of gross output of these important branches of production through the system of raw material processing contracts, product orders, wholesale marketing, and procurement.

By concluding contracts for raw material processing and placing orders for goods, the state has the opportunity, in accordance with the state plan, to properly regulate the quantity, assortment, and standardization of output of these important industrial productions. Of course, this regulation is carried out in accordance with the law of value. If we do not provide private industry with a rational profit, it may abandon state contracts and orders and turn to the open market or curtail production, and the state will then be unable to achieve the goal of regulating production.

Agricultural production, with the exception of grain and the most important types of industrial raw materials, as well as the vast bulk of petty industry and handicrafts, still remains largely outside the control of the state plan. The state cannot encompass them with a system of contracts and orders, nor is it yet in a position to take pricing of their output into its own

hands. Therefore, they are almost entirely regulated by the law of value. But with the strengthening of the leading role of the state sector and the improvement of national economic planning, the influence of the state plan upon them will also gradually increase.

The production of state-sector industry is regulated mainly by the fundamental economic law of socialism, the law of planned, proportional development of the national economy, and the state plan reflecting these laws. However, the law of value also exerts a certain influence on the production of state-sector industry. We cannot, nor should we, dispense with taking the law of value into account when calculating prime cost, pricing, and implementing cost accounting (khozraschyot). This is caused not only by the fact that consumer goods necessary to replace labor power expenditures in the production process are produced and realized as commodities subject to the operation of the law of value, but also by the fact that in our country, alongside state industry, private industry also exists. Homogeneous products of state and private industry are sold on the same market at identical prices. Therefore, the prices of state industry goods cannot fail to be subject, to a certain degree, to the influence of the law of value. In the process of circulation, the consumer goods produced by state industry and the small share of means of production realized on the market can naturally be regulated to a comparatively greater degree by the law of value.

The foregoing shows that in a country of new democracy, where small-commodity and capitalist-commodity production based on private ownership of the means of production is widespread, the role of the law of value is obviously much greater than in the Soviet Union. J. V. Stalin criticized certain economic managers and planners for being "poorly acquainted with the operations of the law of value, not studying them, and

not knowing how to take them into account in their calculations"[299].

This criticism is of even greater significance for Chinese economic managers and planners. If we deny the regulatory role of the law of value in the production of private industry, handicrafts, and agriculture, and believe that under the people's democratic dictatorship with the leading role of the working class, with the leading position of the socialist state sector and the existence of a state plan, one can deny the objectively existing law of value and, based on subjective desires, direct the production of private industry, handicrafts, and agriculture without utilizing the law of value for this purpose; if we believe that our state plan can be unconditionally implemented in the national economy as a whole, and fail to understand that the state plan is still only able to fulfill its regulatory role within certain frameworks and to a certain degree, then we will find ourselves in the position of reckless people and will make serious mistakes in determining our policy and drafting plans. These mistakes will lead to a divorce from reality, a divorce from the masses, the undermining of the worker-peasant alliance, the undermining of the united democratic front, and, finally, to the defeat of our entire construction effort.

But on the other hand, since we already have the people's democratic dictatorship under the leadership of the working class, have achieved the leading position of the socialist state sector, and have already embarked on planned economic construction, the sphere of operation of the law of value is, without doubt, restricted to a certain degree. At present, our state already holds the commanding heights of the economy in its hands, is already in a position to consciously utilize the law of value, restrict its spontaneous character and destructive role, and consequently, is in a position to protect the country from

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[299] *J. Stalin, Economic Problems of Socialism in the USSR, p. 21.*

the economic crises of capitalism. If we see only the widespread prevalence of commodity production in the country, only the regulatory role of the law of value, and believe that the latter can operate in our country as freely and unlimitedly as in capitalist countries, or believe that the economic laws of socialism can serve as the guiding force only in the state economy, while the private sector must still be entirely regulated by the law of value; if we deny the guiding role of the economic laws of socialism in the country's national economy as a whole, then this will lead to other serious mistakes. Errors of this kind would reconcile us with production anarchy, entail the denial of the possibility and serious significance of planning the entire national economy; as a result, we would not be able to protect ourselves from capitalist crises and would not be able to transition to socialism.

Both of these noted errors are harmful to the economic construction of our country and must be overcome and prevented. A deep study of J. V. Stalin's brilliant work "Economic Problems of Socialism in the USSR," a correct understanding of the role of various economic laws in our national economy, the definition of policy and drafting of plans on this basis, and the constant eradication of adventurism and spontaneity in economic work—all of this is the most important guarantee of the victorious completion of planned economic construction in our country.

Questions of Economics, No.12, 1953.

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CONTRADICTIONS BETWEEN THE USA AND ENGLAND IN THE MONETARY SPHERE

Contradictions between imperialist powers under modern capitalism, and especially after the Second World War, manifest themselves ever more strongly in their struggle for the redistribution of external markets for the sale of commodities, spheres for the investment of capital, and sources of cheap raw materials, as well as in the struggle for dominance in the monetary sphere. The driving force behind the contradictions and competitive struggle of the monopolies of imperialist states is their pursuit of extracting maximum profit through the exploitation and robbery of peoples, especially the peoples of backward and dependent countries.

Under modern capitalism, the state apparatus, subordinate to capitalist monopolies, provides them with every possible assistance in the struggle to secure maximum profits. In particular, the U.S. government strives to create conditions that facilitate the most profitable realization of American goods and the most profitable investment of private American capital in the world capitalist market, and to this end seeks to have the governments of other countries, including England, weaken or eliminate currency, customs, tax, and other restrictions that to some extent hinder American expansion in the field of foreign trade and capital export.

The ruling circles of the USA played a decisive role in the creation of the International Bank for Reconstruction and Development and the International Monetary Fund as a new form of penetration of American capital into the economy of other countries under the guise of international monetary and financial organizations. To coordinate the activities of these, as well as other international organizations of a similar nature, the U.S. Congress in 1945 established the so-called National Advisory Council on International Monetary and Financial Problems, composed of the Secretary of State, the Secretary of the Treasury, and other high-ranking officials. The Council develops directives for these organizations and ensures that their activities entirely serve the interests of the USA.

Between the monopolies of the two main imperialist powers—the USA and England—a fierce struggle is being waged to secure maximum capitalist profit. This struggle also takes place in the monetary sphere. American monopolies strive to secure a dominant position for the dollar in the world capitalist market and in international monetary and credit organizations, and for New York the role of the center for international settlements of capitalist countries; they endeavor to undermine the purchasing power and significance of the pound sterling for international settlements, as well as the role of London as the international financial center of capitalist countries. When analyzing the contradictions and competitive struggle between the USA and England, one must keep in mind the unequal economic potential of these two competitors. The production capacity, labor resources, and raw material resources

of the United States significantly exceed those of Britain. Moreover, the USA, unlike England, profited from the Second World War. The British bourgeoisie, having lost a portion of its positions as a result of two world wars, on the one hand, fulfills many of Wall Street's demands to the detriment of Britain's national interests, while on the other hand, it competes with American capitalists and attempts to increase its profits and restore the former significance of the pound sterling.

Contradictions between the USA and England in the monetary sphere find concrete expression in the creation of the dollar and sterling blocks (or zones) and the rivalry between them; in the chronic disproportions in the balance of payments of the USA and England; in the USA's struggle for the abolition of currency restrictions in England; in the Anglo-American struggle for the redistribution of existing monetary gold reserves; and in the discrepancy between the continuous growth of gold production costs in the sterling block countries and the invariable official "price"[300] of gold in the USA, and so on.

The general crisis of capitalism has undermined the basis for the stability of capitalist currencies. The world economic crisis of 1929–1933, which developed on the basis of the general crisis of capitalism, also encompassed the sphere of currencies, finding

[300] Gold actually has no price, since price is the monetary expression of the value of a commodity, whereas gold itself is world money. We use this term conventionally. By the American official price of gold is understood the dollar expression of one troy ounce of gold, determined by government decree.

expression in the departure of capitalist countries from the gold standard, in currency devaluations, in the disruption of credit and monetary ties between states, in the introduction of currency restrictions in a number of countries, as well as in the formation of currency blocs. The currency crisis, directly caused by the disarray of foreign trade and balance of payments, shook all countries of the capitalist camp. It struck a powerful blow against the two main capitalist currencies: the American dollar and the British pound sterling. The acute competitive struggle between the USA and England in the monetary field for the redivision of spheres of influence led to the creation of the sterling and dollar blocs.

The formation of the sterling block dates back to 1931, when Britain left the gold bullion standard. At present, the sterling block includes: England, Ireland, Iceland, Burma, Ceylon, India, Iraq, Pakistan, Australia, New Zealand, the Union of South Africa, as well as the colonies of England, Australia, New Zealand, and the Union of South Africa. In total, therefore, the block encompasses states and colonies with a population of over 600 million people, or about 1/4 of the globe's population.

Britain's forging of the sterling block began with the strengthening of ties between the pound sterling and the currencies of a number of capitalist countries. London became the general international settlement center for these countries. The exchange rate of the currencies of the countries that entered the sterling block was pegged to the rate of the pound, i.e., a fixed ratio was established between these exchange rates. Settlements with third countries, as a rule, were

carried out in London through the pound sterling; the bulk of currency reserves were held in London. In addition, the countries united in the sterling block formed a general foreign trade zone and had to jointly adhere to a trade policy determined by London. Such unification was facilitated by the system of so-called imperial preferences developed at the Ottawa Conference in 1932.

With the outbreak of the Second World War, the regime and character of the sterling block changed significantly. In order to prevent the "leakage" of gold and currency reserves from the sterling block countries and to mobilize currency and gold resources to finance the war, strict currency restrictions were introduced in England and other countries of this block. All operations with foreign currency and gold were placed under the control of the Bank of England. The member countries of the sterling block lost the right to use at their own discretion their balances of funds in pounds sterling for payments on their obligations to countries not belonging to the sterling block. This enabled England for a long time to enjoy gratuitous credits at the expense of other countries in the sterling zone. As a result, by 1947, Britain's indebtedness to other sterling block countries reached 3.5 billion pounds sterling, or about 14 billion dollars, of which the British debt to India amounted to over 5 billion dollars and to Egypt about 1.8 billion dollars. This means that the financing of a significant portion of Britain's military expenditures was carried out at the expense of the peoples of the sterling zone countries. England continues to derive great benefits today thanks to the existence of the sterling block.

Alongside the sterling block, the dollar block was formed. At present, it includes the following 17 countries: the United States, Canada, Bolivia, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, the Philippines, El Salvador, Venezuela, and in addition U.S. colonies—Alaska, Puerto Rico, etc.[301] A fixed ratio has been established between the exchange rate of the U.S. dollar and the exchange rates of the currencies of other countries belonging to the dollar block; the United States exerts a strong influence on the foreign trade and monetary policy of the other countries of the block.

The creation of currency blocs increased the economic dependence on the USA and England of the countries belonging respectively to the dollar and sterling blocs. The struggle between the USA and England leads to the drawing of new countries into the blocs and to the redistribution of countries between them. Over the period from the emergence of the sterling block to 1952, the following countries broke away from it: Sweden, Denmark, Finland, Egypt, Iran, Thailand, Argentina, Bolivia, Brazil, Colombia, Paraguay, Spain, and Japan. The USA is waging an intensive campaign for the withdrawal from the sterling block of a number of other countries, primarily Australia and New Zealand, in order to make the currencies of these countries dependent on the American dollar. England, however, opposes this and tries to keep Australia and New Zealand, as well as other countries, in the sterling block and to compel the sterling block

[301] Normann Crump, A.B.C. of Foreign Exchange. London 1951, p. 194. 3 "Sterling Area, An American Analysis", London 1951, p. 137–138.

countries to pursue a unified monetary and foreign trade policy corresponding to the interests of England. In particular, for this purpose, conferences of the countries of the British Empire are systematically convened in London, the political and economic dependence of these countries on England is utilized, pressure is exerted on them in the field of foreign trade, and so on.

American monopolies, striving to secure for the dollar, to the detriment of the pound sterling, the role of the leading currency in settlements between capitalist countries and thereby dismantle the sterling block, utilize international monetary and credit organizations for this purpose. The ruling circles of the USA are attempting to place the dollar in a special position compared to the pound sterling and other capitalist currencies. Moreover, they are undertaking attempts to place the depreciating dollar (even according to official data, the purchasing power of the U.S. dollar at present is two times less than in 1939) on an equal footing with gold, although only gold can perform the functions of world money. Under their pressure, a clause was included in the charter of the International Monetary Fund stating that "the par value of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944." Pursuant to Section 7 of Article II of the Articles of Agreement of the International Bank for Reconstruction and Development, it is stipulated that "payment of subscriptions to capital stock shall be made in gold or United States dollars."

In the agreement on the establishment of the "European Payments Union," concluded under U.S. influence in September 1950, a unit of account was fixed equal to 0.88867 grams of fine gold, which fully corresponds to the gold content of the present American dollar. In other words, the American monopolists want to make the dollar the unit of account in settlement operations between Western European countries and to intensify dollar expansion into Western Europe.

If the countries belonging to the sterling block carry out their main international settlements in dollars, then the significance of this block will decline accordingly and a heavy blow will be dealt to England. At present, however, the pound sterling retains its significance in settlements between sterling block countries. England is also waging a struggle against the penetration of American capital into the sterling zone under the guise of the International Bank for Reconstruction and Development and the International Monetary Fund. England and other members of the sterling block strive to curtail the import of goods from the dollar zone and increase imports from other regions with payment in pounds sterling. Britain's exports in pounds sterling in the post-war period have grown from year to year, and by 1952 they amounted to 2.7 billion pounds sterling compared to 970 million pounds sterling in 1946 and 562 million pounds sterling in 1938. This restricts the sphere of circulation of the dollar and places certain obstacles in the way of the invasion of American goods and capital into the sterling block countries.

One of the results of the weakening of British capitalism and the intensification of American monopoly expansion, in particular their

foreign trade expansion, has been the chronic disproportion in the balance of payments of the United States and England, and Britain's permanent dollar shortage. American monopolists in various ways exacerbate the "dollar hunger" of their British competitor. By forcing U.S. exports, demanding from England a reduction of customs duties on imported American goods and the unhindered conversion of sums derived from the sale of these goods from British currency into U.S. dollars, American capitalists simultaneously hinder the import of British goods into the United States through the establishment of high tariffs, complex customs formalities, and direct discrimination. Striving to damage Britain's dollar and gold reserves and further undermine the stability of the pound sterling, the magnates of Wall Street seek the liquidation of currency restrictions in England and the removal of obstacles to the transfer of British gold reserves to the USA. The transfer to the United States in dollars of profits from American capital invested in England has a negative effect on the British balance of payments.

While in 1938 the value of U.S. exports amounted to 3.1 billion dollars and Britain's exports to 2.7 billion dollars, by 1952 the value of American exports rose to 15.1 billion dollars, whereas British exports increased to only 7.6 billion dollars. However, competition from England, Western Germany, and Japan hinders the foreign trade expansion of the United States. Such a situation does not suit the American monopolies, and they are taking new measures to force the export of goods.

It must be borne in mind here that foreign trade is of greater importance for England than for the USA: England is more dependent on external food and raw material markets, and the specific weight of foreign trade in its economy is extremely large. Under U.S. pressure, England after the war somewhat reduced tariffs on the import of American goods. Meanwhile, the American ruling circles not only maintain high customs barriers in the USA but create more and more new obstacles to the import of British goods. In this regard, one can point to one of the numerous characteristic examples of American discriminatory policy towards England. At the beginning of 1953, the U.S. Department of Defense rejected the proposal of the British company English Electric to supply generators and transformers for the Chief Joseph Dam power station under construction in the USA at prices respectively 12.7 and 20.3% lower than the prices at which analogous equipment is supplied by American firms General Electric, Westinghouse Electric, and others[302].

At present, there are over 500 types of tariffs on imported goods in the USA. In 1951, for example, duties on goods imported into the USA amounted to 2.8 billion dollars with total imports for the year at 10.9 billion dollars 5, i.e., about 26% of the value of imports. By the way, we note that the sum of import duties collected by the United States is equal to the economic "aid" that the USA provides to other countries, including England. The level of duties collected in the United States reaches up to 184% of the value of certain goods.

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302 "Statist", April 25, 1953. 5 "Nation's Business", June 1953.

Starting from 1930, the number of goods imported into the USA from abroad and subject to duty has continuously grown. Thus, in 1930 import duty was levied on 30.5% of imported goods, in 1940 on 35.1%, in 1946 on 39.5%, and in 1952 on 41.8%.

Repeated attempts by England to induce the American ruling circles to take measures to reduce obstacles to the expansion of British goods exports to the USA, in particular through lowering customs tariffs and simplifying customs formalities, proved fruitless. The negotiations conducted in Washington in early 1953 by Eden and Butler on the development of trade relations between the USA and England, as is known, led to nothing. The American press, reflecting the opinion of the U.S. ruling circles, treated Butler's plan to increase exports from England to the USA on the basis of a new slogan —"trade instead of aid"—with disdain. The newspaper "New York Times" cynically wrote: "Mr. Butler has a plan for British Commonwealth trade that is so complex that Mr. Eden understands it only 10 percent, Mr. Butler himself about 40 percent, and their experts about 90 percent."

An acute struggle between the USA and England also takes place over the issue of prices for goods exported from the USA to England. This is evidenced by Britain's withdrawal from participation in the international wheat agreement as a result of the establishment of an inflated price for wheat dictated by the USA at the wheat trade conference.

As already noted, the competitive struggle between American and British capital is reflected in the balances of payments of the USA and England, in the chronic disproportion of these balances.

While the United States over 8 post-war years (starting from 1945) had a positive balance on the main items of the balance of payments in the amount of 57.6 billion dollars, England on these same items had a negative balance in the amount of 9.5 billion dollars, as evidenced by the calculations given below:

Foreign trade balance and other most essential items of the balances of payments of the USA and England after the Second World War (in million dollars)[303]

[303] "Balance of Payments Yearbook", 1950–51, p. 271; "International Financial Statistics", June 1953.

	1945	1946	1947	1948	1949	1950	1951	1952	Total for 8 years
USA									
Positive balance of trade in goods (exports and imports f.o.b.)	6,443	5,232	87	9,547	1,027	5,471	657	5,378	41,749[304]
Receipts from freight	531	1,319	128	3,970	554	4,389	322	4,040	18,600

[304] "International Financial Statistics", June 1953, p. 162–163, July 1953, p. 164. 8 Excluding profits invested abroad.

	1945	1946	1947	1948	1949	1950	1951	1952	Total for 8 years
Profit on capital invested abroad	1,191	1,515	1,404	600	2,160	1,5008	10,230		
Receipts from various services	-1	181	190	192	210	195	258	370	1,596
Total Receipts	6,443	7,094	11,955	7,835	7,523	3,242	6,942	6,576	57,615
England									
Negative	-4,1	-1,414	-2,460	-1,806	1,664	-1,065	-3,346	-2,193	-18,048

	1945	1946	1947	1948	1949	1950	1951	1952	Total for 8 years
balance of trade	00								
Receipts from freight	116	132	304	324	316	296	302	1,790	
Profit on capital invested abroad	284	320	304	312	358	252	170	2,000	
Receipts from various	436	392	772	804	882	792	736	4,814	

	1945	1946	1947	1948	1949	1950	1951	1952	Total for 8 years
services									
Total Receipts	4,100	578	-1,616	426	224	+491	2,006	985	= -9,434

Britain's trade deficit with the dollar block countries in 1950 amounted to 607 million dollars, in 1951 to 1,195 million dollars, in 1952 to 936 million dollars. The state of Britain's balance of payments with the USA in early 1953 improved somewhat. However, this occurred mainly as a result of a reduction in the import of American goods into England, especially mass consumer goods. The trade deficit in dollars intensifies the "dollar hunger" experienced by England.

The purpose of the policy of intensifying "dollar hunger" pursued by the U.S. ruling circles is to ensure the permanent dependence of England and other capitalist countries on American handouts. The USA uses the situation of "dollar hunger" in other countries, and especially in England, to dictate its will to them in the economic, political, and military fields, to dump its commodity surpluses there, and to export American capital. As a result of this policy, England is falling more and more into debt bondage. It is no accident that British public opinion is sounding the alarm over this. For example, the British newspaper "Daily Express" wrote in early 1953: "A great responsibility rests upon British politicians—both Conservatives and

Labourites—who for a long time have looked at Washington as a cripple looks at a crutch. Since 1945 Dulles has seen these men coming to Washington to beg for alms, to seek dollar aid, to do anything except one thing: show an inclination to stand independently on their own feet." Representatives of very diverse circles of the British public demand that the country's foreign trade be normalized and the state of its balance of payments improved by expanding trade with the USSR, China, and other democratic countries.

One of the factors that worsened the state of Britain's balance of payments and currency reserves was the displacement of British capital invested abroad by U.S. capital.

During the Second World War, England was forced to realize part of its investments abroad. In the post-war period, contradictions between the USA and England are manifested with particular acuteness in the struggle for spheres of capital investment, including in backward countries. The ruling circles of the USA, with the help of the International Bank for Reconstruction and Development, the International Chamber of Commerce, and other organizations, exert pressure on other capitalist countries in order to ensure the growth of American capital exports and an increase in profits on this capital. The USA demands from other countries changes in currency legislation in order to adapt it to the expansionist goals of American monopolies. Representatives of the United States advocate free access for American government and private capital to other countries, free conversion of profits from local currency into U.S.

dollars and unhindered transfer of profits to the USA, reduction of profit taxes, and so on. In addition, the USA demands various guarantees from the governments of other capitalist countries, primarily "guarantees" against the nationalization of enterprises in which American capital participates.

The International Chamber of Commerce, controlled by the USA, adopted a resolution in 1949 stating that currency restrictions and the lack of opportunity for free currency conversion, policies of expropriation and nationalization, hinder capital exports. Fulfilling the mandate of American monopolies, the chamber developed and recommended that all countries adopt an "International Code" (law) of "fair" conditions for foreign investments in the form of a model agreement between capital-importing and capital-exporting countries. Along with others, this draft model agreement contains the following requirements for capital-importing countries: granting foreign capitalists conditions no less favorable than those granted to capitalists of the given country; complete freedom to transfer dividends, profits, and principal capital to the capital-exporting country; reduction of profit taxes, and so on. These and other conditions deprive capital-importing countries of the opportunity to pursue a currency policy corresponding to their national interests, in particular the interests of national capital accumulation and the defense of national industry.

U.S. currency policy is designed to facilitate the extraction by American monopolies of maximum capitalist profits from capital invested abroad. It is pursued in such a way as to further increase

incentives for the expansion of American capital exports and, wherever possible, to displace the capitals of other countries, and especially of England as the main competitor of the USA.

U.S. capital investments abroad increased from 12.5 billion dollars in 1939 to 34.7 billion dollars in 1950, whereas Britain's investments decreased during this period from 14 billion to 5.6 billion dollars. Exploiting cheap labor and rich sources of raw materials in colonies and dependent countries, American monopolies over seven post-war years received and transferred to the USA over 10 billion dollars in net profit, while British monopolies received about 2 billion dollars.

The amount of profit received by American monopolies abroad increases with every year. In 1950 this profit amounted to 2.2 billion dollars, and in 1951—2.7 billion dollars (compared to 860 million dollars in 1946).

American capital strives to displace the capitals of England, France, Belgium, and Holland from their colonies. The ruling circles of the USA, as is known, have developed a detailed plan for the subjugation of colonial and dependent countries, briefly formulated in the notorious "Point Four of Truman's Program." This plan provides for a significant increase in American investments in backward countries, the construction of military-strategic bases in them, and the intensification of the exploitation of the peoples of these countries by U.S. monopolists.

England counterposed to "Point Four" the so-called "Colombo Plan," which is aimed at increasing British foreign investments. Despite the

resistance of British monopolists, American capital is penetrating not only into British colonies but also into the metropolis; at the same time, American monopolies are buying up British investments in the USA. Direct U.S. investments in England increased from 518.8 million dollars in 1943 to 840 million dollars in 1950, whereas British investments in the USA decreased during this period from 1.1 billion to 347 million dollars. The intensification of American expansion in the field of capital export further aggravates American-British contradictions.

The mass devaluation of currencies, including the pound sterling, unprecedented in the history of monetary relations, carried out in September 1949 under U.S. pressure, is a striking manifestation of the profound disarray of the monetary systems of capitalist countries in the second stage of the general crisis of capitalism and the ever-intensifying contradictions between the USA and England in the field of currency policy. This devaluation encompassed states accounting for 65% of the total volume of trade of capitalist countries. It was equivalent to a 30–30.5% increase in the exchange rate of the dollar against the currencies of most capitalist countries, including the pound sterling. On September 19, 1949, Britain devalued the pound sterling by 30%. The exchange rate of the pound sterling against 1 dollar was set at 1 pound sterling = 2.8 dollars instead of 4.03 dollars. The devaluation of the pound automatically entailed the devaluation of other currencies of the sterling block.

Representatives of the USA, compelling England and other countries to devalue their currencies, claimed that devaluation would help

increase the competitiveness of exporting countries in dollar zone markets and thereby help improve the state of their balances of payments with the USA. A British exporter, for example, selling his goods in the USA for dollars, would receive from the Bank of England that much more pounds sterling by as much as the pound sterling was devalued. In reality, however, this was merely a decoy concealing completely different calculations by the American monopolists.

The main reason that impelled the U.S. ruling circles to insist on the devaluation of the pound sterling was, of course, not concern for their competitors in England, France, and other countries, but the circumstance that devaluation facilitated the securing of maximum profits for the capitalist monopolies of the USA.

Firstly, the devaluation of the pound sterling enabled American capitalists to make mass purchases of strategic raw materials at low prices in British colonies and countries dependent on England. Raw material purchasing operations, on the one hand, brought colossal profits to U.S. monopolies, and on the other hand, increased the competitiveness of these monopolies compared to British and other ones in the struggle for the redistribution of raw material markets. Over the three years that have passed since the devaluation of the pound sterling, the USA has purchased raw materials and semi-finished goods in the sterling zone for an amount of about 8 billion dollars, paying for them in pounds sterling. Since the pound sterling was devalued, American monopolies "earned" about 2.4 billion

dollars during 1950–1952 on the purchase of raw materials and semi-finished goods in this zone alone.

Secondly, the decline in the exchange rate of sterling and other currencies compared to the American dollar contributed to the intensified penetration of American capital into countries that devalued their currencies, and especially into colonial and dependent countries. American monopolies gained the opportunity to buy up cheaply British, French, Belgian, and Dutch enterprises, as well as enterprises of Western European capitalists in the colonies, which partly explains the fact that private American capital investments increased from 18.9 billion dollars in 1949 to 24 billion dollars in 1952.

Thirdly, countries that devalued their currency were forced to very significantly increase expenditures in foreign currency, since the economy of these countries depends to a large extent on foreign trade and, in particular, on imported raw materials.

Fourthly, the lowering of the exchange rate of the pound sterling against the dollar led to a 30% increase in Britain's debt to the United States in pound sterling terms.

Fifthly, the significance of the pound sterling for international settlements and the role of the London City diminished.

Wall Street dealt a sensitive blow to its British competitor. The benefits that the American ruling circles promised England as an exporter, while insisting on the devaluation of the pound sterling,

proved insignificant, since only a small quantity of British manufactured goods is admitted to the American market.

All of the above testifies to the fact that the devaluation of the pound sterling and other capitalist currencies was carried out to the advantage of the United States. At the same time, the devaluation of the pound sterling inflicted serious material damage on those sterling block countries whose reserves were "frozen" in the Bank of England. Devaluation hit India and Egypt particularly hard. Britain's debt to other sterling block countries in dollar terms decreased by 30%.

The devaluation of the pound sterling marked a new stage in the protracted and fierce struggle between the two main currencies of the capitalist countries—the American dollar and the British pound sterling—for dominance in the world capitalist market, a stage that ended in a serious concession on the part of England.

An important element in the exacerbation of contradictions between the USA and England in the field of currency policy is the struggle of the United States for the abolition of currency restrictions in England. As is known, these restrictions were introduced in England in the autumn of 1939. According to the currency regulations currently in force in England, the permission of the authorities is required: for the payment of imported goods and services in foreign currency; for the making of non-trade payments outside the sterling zone; for the conversion of pounds sterling into dollars or other foreign currency, and so on.

The presence of currency restrictions in England, as in most other capitalist countries, limits to a certain extent the growth rates of commodity and capital exports from the USA to these countries. Currency restrictions also hinder the "flight" of capital and the leakage of gold and currency resources from these countries. This basically explains the constant and ever-intensifying pressure on the part of the United States against England and other countries with the aim of abolishing currency restrictions. Representatives of the United States also exert pressure on these countries through the International Monetary Fund.

The charter of the International Monetary Fund provides that member countries must abolish currency restrictions within the first five years of the Fund's operation. If the Fund finds that a member country persists in its desire to maintain restrictions, that country may be deprived of the right to use the Fund's credits. According to the Fund's requirements, all member countries were supposed to abolish currency restrictions by March 1952. However, many member countries of the Fund not only did not abolish restrictions, but, on the contrary, took measures to strengthen them. By early 1953, currency restrictions existed to one degree or another in 54 capitalist countries, including England. The reluctance of the Fund's member countries to abolish currency restrictions testifies above all to the fact that these countries continue to resist American pressure.

It is known that the USA, when granting the 3.75 billion dollar credit to England approved by Congress in 1946, obligated Britain to convert the pound sterling into a freely convertible currency within

12 months. England at that time tried to fulfill these conditions, which were unbearable for it, and converted the pound sterling into a freely convertible currency. However, in this form the pound sterling existed for only about one month, and then again became a inconvertible currency. This experiment cost England very dearly and placed it under the threat of bankruptcy on external obligations, which corresponded to the calculations of the American monopolists.

"After the Second World War," the American magazine "Foreign Service Monthly" wrote in March 1953, "the three main goals of U.S. foreign economic policy were: the expansion of foreign trade, currency convertibility, and the cessation of discrimination in world trade" (U.S. monopolists consider any resistance to American foreign trade expansion as "discrimination in world trade"). Fulfillment of U.S. requirements would mean bankruptcy for England on its external obligations, since its external short-term or demand obligations significantly exceed its cash reserves in foreign currency and gold.

Britain's gold and dollar reserves and external obligations in foreign currency and pounds sterling (in million pounds sterling, as of December 31 of each year)[305]

	1948	**1949**	**1950**	**1951**	**1952**
Britain's obligations to other countries in	3,818	3,993	4,240	4,539	4,208

[305] "United Kingdom Balance of Payments", 1949–1952, p. 29.

	1948	1949	1950	1951	1952
pounds sterling[306]					
Britain's external debt in foreign currency (in terms of pounds sterling[307])	1,597	2,189	2,192	2,168	2,300[308]
Total external obligations	5,415	6,182	6,432	6,707	6,508
Gold and dollar reserves	457	603	1,178	834	659
Excess of external debt in pounds sterling and foreign currency over gold and dollar reserves	4,958	5,579	5,254	5,873	5,849
How many times Britain's obligations in pounds sterling or other currency exceed cash reserves in gold and foreign	11.9	10.2	5.4	8.0	9.8

306 "International Financial Statistics", July 1953, p. 158.

307 "United Kingdom Balance of Payments", 1949–1952, p. 26.

308 Out of 2.3 billion pounds sterling, or 6.4 billion dollars, U.S. credits make up 4.3 billion dollars.

	1948	1949	1950	1951	1952
currency					

From the data given in the table, it can be seen that Britain's external obligations in pounds sterling and dollars in 1952 exceeded its gold and currency reserves by almost 10 times.

Meanwhile, the USA continues to press for the fulfillment of its demands. In early 1953, a conference of foreign ministers and finance ministers of the USA and England on economic and other issues was held in Washington. The communiqué on the results of the conference, published on March 9, 1953, stated that "the ultimate objective of financial policy should be the convertibility of sterling and other currencies and the gradual elimination of restrictions on payments."

As was to be expected, this conference did not eliminate the contradictions between the USA and England in the field of currency policy. England insists that, as compensation for the convertibility of the pound sterling, the USA should lower import duties and simplify customs formalities, as well as raise the official "price" of gold.

The transformation of the pound sterling into a freely convertible currency is one of the main goals of American post-war currency

policy. However, U.S. demands encounter strong resistance from England.

Serious contradictions exist between the USA and England on the issue of gold. The struggle is being waged, firstly, for the redistribution of visible gold reserves and, secondly, over the "price" of gold.

As a result of the Second World War, a substantial redistribution of visible gold reserves took place in favor of the USA, mainly at the expense of the sterling block countries. The gold reserves of the USA and England are currently distributed extremely unevenly.

Gold reserves of the USA and England (at the end of the year, in thousand tons)[309]

	1937	**1948**	**1949**	**1950**	**1951**	**1952**
U.S. gold reserves	11.3	21.2	21.4	22.7	22.7	23.3
Britain's gold reserves	3.6	1.4	1.35	1.9	1.33	1.49
How many times U.S. gold reserves exceed Britain's gold	3.1	15.2	17.8	20.2	20.2	20.8

[309] Calculations are made on the basis of data from "International Financial Statistics", June 1953, p. 14.

	1937	1948	1949	1950	1951	1952
reserves						

U.S. gold reserves have increased almost 2 times since 1937, while British reserves have decreased almost 3 times over the same period. The uneven distribution of gold reserves between the USA and England after the Second World War to a certain extent reflects the weakening of British capitalism, whose positions are being attacked by American monopolists.

In the first years of the Second World War, U.S. gold reserves grew largely at the expense of the sterling block countries, which were forced to spend their gold reserves to finance the war.

After the end of the Second World War, England has undertaken unsuccessful attempts aimed at redistributing U.S. gold reserves. The campaign in this direction was begun in 1947 by Bevin, who was then Britain's Foreign Secretary. This attempt by Bevin did not achieve its goal; it only led to the appearance in American magazines of caricatures accompanied by venomous remarks directed at him[310].

Supporting Bevin's initiative, former British Prime Minister Attlee spoke in Parliament in 1952 on the issue of the reduction of Britain's gold reserves. He stated that the pound sterling can be turned into a freely convertible currency only if the USA agrees to a redistribution

[310] "World Report", September 16, 1947; "Magazine of Wall Street", September 13, 1947.

of its gold reserves, which, in Attlee's opinion, should serve as " backing for the currencies of the world"[311]. Later, the British representative at the 15th session of the Economic and Social Council, pointing to the uneven distribution of gold reserves between countries, called for the elimination of such an abnormal situation through the redistribution of gold. However, all of Britain's attempts to redistribute American gold are resolutely rejected by the United States.

The world economic crisis of 1929–1933, which caused the departure from the gold standard in the USA and from the gold bullion standard in England, created a complex international problem of the "price" of gold. The American official "price" of gold is an important object of contradictions between the USA and England. England, like other sterling block countries, has persistently insisted for a long time that the USA raise this "price". The official "price" of gold in effect in the USA to this day (35 dollars per troy ounce) was established back in 1934, i.e., 18 years ago. Meanwhile, wholesale prices in the USA for other goods have risen since that time by approximately 200%, i.e., almost 3 times[312].

The Second World War led to the further enrichment of American monopolies, to the transformation of the United States into the main importer of gold. The USA dictates its conditions to other capitalist countries, forcing them to sell gold to the United States at a low

311 "Statist", November 9, 1952.

312 The wholesale price index in the USA in 1952 was 277 (1933 = 100). 17 "Statist", May 16, 1953.

"price" and with the dollars earned to buy American goods at inflated, inflationary prices. Using this method, American monopolists "earned" about 11 billion dollars, or about 10 thousand tons of gold, from countries exporting gold to the USA between 1934 and 1952.

England and other sterling block countries are interested in raising the official "price" of gold in the USA: they account for about 60% of the gold mined in capitalist countries, and they are major exporters of gold to the USA.

Gold production (in tons)

	1937 g.	**1946 g.**	**1951 g.**	**1952 g.**
pitalist ies	1,123	776	736	756
g block ies	592	524	441	454
production in g block ies as a % of old production italist countries	52.7	67.5	59.8	60.0

An increase in the "price" of gold in the USA would mean an increase in the purchasing power of the sterling block countries on the world capitalist market and would significantly improve the state of these countries' balances of payments with the USA. This measure would help eliminate "dollar hunger." The British magazine "Statist" wrote in this regard: "It has long been recognized, at least on this side of the Atlantic, that nothing could be more effective in American policy as a major and immediate contribution to the solution of the world dollar problem than an increase in the dollar price of gold" 17. However, the USA does not raise the official "price" of gold, preferring to profit at the expense of its "allies."

The International Monetary Fund on the issue of the "price" of gold, as on other issues, stands on the positions of the USA. Under U.S. pressure, a provision was included in the Fund's charter prohibiting the raising of the "price" of gold. Thus, in paragraph 2 of Article IV of the charter, it is recorded that "the Fund shall prescribe a margin above and below par value for transactions in gold by members, and no member shall buy gold at a price above par value plus the prescribed margin, or sell gold at a price below par value minus the prescribed margin." On the basis of this article, the Fund established a discount and premium for the purchase and sale of gold of 1/4%, i.e., precisely the same deviation applied by the U.S. Treasury when purchasing and selling gold.

On June 18, 1947, the Executive Board of the Fund addressed a letter to all member countries in which it categorically objected to international gold transactions at an elevated "price" and proposed

that they take effective measures to prevent transactions of this kind. This letter was dictated by the interests of American monopolies. The U.S. National Advisory Council on International Monetary and Financial Problems hastened to announce that it "fully agrees with the Fund's point of view on this issue" [313].

The U.S. Treasury, in turn, stated that its rules for regulating gold transactions on the basis of the Gold Reserve Act of 1934 would be amended to "prevent international gold transactions at an enhanced price in accordance with the Fund's request"[314].

The Fund strictly adhered to this policy of an invariable "price" of gold until September 1951, despite the constant and insistent requests of the Union of South Africa and other gold-producing countries to permit them to sell newly mined gold at "prices" above the established parity. At the insistence of the USA, the Fund refused such requests until a number of gold-exporting countries began to show serious indignation, which threatened the bankruptcy of the Fund.

Speaking on September 13, 1949, at the annual meeting of the Board of Governors of the Fund in support of its draft resolution providing for the possibility of the sale of gold by Fund member countries at a "price" higher than that prescribed by the Fund, the representative of the Union of South Africa stated: "The maintenance of currency stability must not be carried out at the expense of the ruin of my

313 Ibid., pp. 40–41.
314 Ibid., pp. 40–41.

country. This is not international cooperation. This is exploitation in the worst sense of the word."

When the Executive Board of the Fund in 1950 rejected the proposal of the Union of South Africa aimed at permitting gold-producing member countries to sell half of the newly mined gold on world markets at a "price" higher than the official one, the Union of South Africa stated that it would not submit to the Fund's decision. In this regard, the Minister of Finance of the Union of South Africa, Havenga, stated in Parliament: "The Fund's policy in the field of gold is inept and shameful... The United States presents the most striking example of the adaptation of the Fund's currency policy to its own needs"[315].

The Fund, fearing a forced cessation of its activities, adopted a resolution in September 1951 permitting member countries to sell newly mined gold at a "price" higher than that established by parity. The Fund's decision, however, changed little in the situation that had previously existed on the international gold market, since the USA—the main importer of gold—stated that it would continue to buy gold at 35 dollars per ounce.

While acting against the interests of other members of the Fund, U.S. representatives at the same time cynically invoke their "obligations to the Fund." Former U.S. Secretary of the Treasury Snyder stated on October 5, 1949, that although on the basis of Section 8 of the U.S. Gold Reserve Act of 1934 the U.S. Secretary of the Treasury has the

315 "New York Times", May 6, 1950.

right, with the approval of the President, to buy and sell gold at the "price" most advantageous for the state, nevertheless this right of the Secretary of the Treasury is "limited by a number of factors" and above all by the obligations assumed by the USA to the International Monetary Fund (Section 2 of Article IV of the Fund's charter).

Meanwhile, the discrepancy between the "price" of gold and the cost of its production has become very significant: the costs of gold production are systematically growing in connection with rising commodity prices. Thus, gold production costs in Canada increased by 2.31 times from 1934 to 1950. Production costs in the Union of South Africa, where predominantly cheap labor of the indigenous population is used, increased by 60% from 1936 to 1948.

The discrepancy between the current official "price" of gold in the USA and the cost of gold production gives rise to gold speculation on the "black market." In addition, such a discrepancy reduces incentives to increase gold production, since capital and labor are shifting to more profitable sectors. This partly explains the fact that gold production in capitalist countries has not reached pre-war levels. In 1940, 1,123 tons of pure gold were mined, and in 1952—756 tons, i.e., only 67.3% of the pre-war level.

The invariably low official "price" of gold in the USA ultimately places a heavy burden on the working people of countries producing and exporting gold to the USA, since the ruling circles of these countries, in order to maintain high profits for gold industrialists, reduce taxes on this profit and increase taxes on the working people.

Thus, the government of the Union of South Africa in 1946 reduced the tax on each processed ton of ore from 8 shillings and 3 pence to 2 shillings and 4 pence.

For the same purposes, the Canadian government pays subsidies to gold industrialists out of the state budget. Thus, from 1948 to 1953, at the expense of taxpayers, such subsidies were paid in the amount of about 70 million Canadian dollars.

After the Second World War, as a result of the departure of China and other countries of people's democracy from the capitalist camp, the sphere of application of the forces of the USA, England, and other capitalist countries to world resources sharply contracted. The intensification of the rates of absolute and relative impoverishment of the working people of capitalist countries and the ripening of the prerequisites for a new economic crisis are exacerbating the competitive struggle between these countries, in particular in the monetary sphere.

American monopolistic capital has launched a broad offensive against the positions of British capital; the dollar is advancing on the pound sterling. "Facts indicate," G. M. Malenkov pointed out at the 19th Congress of the Party, "that not a single enemy of England has inflicted such heavy blows upon it and taken away its empire part by part as its American 'friend' is doing."

Only the cessation of the arms race, an independent policy, and the expansion of trade relations with all countries can lead England out

of the dead end into which the policy of subordination to the American diktat has driven it.

Questions of Economics, No.12, 1953.