State property and socialism

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The rupture with the domination of the capitalist mode of production, or with the dominance of capitalist relations of production, or with other relations of production corresponding to private property in the means of production, such as the rupture which has taken place so far, historically, in social formations at present in transition, has taken place firstly at the political level.* It concerns the class character of state power, that is, the nature of the class in power. It is identical to the transfer of power into the hands of the proletariat. This transfer is itself the result of a transformation in the relation of social forces, a transformation consequent on economic, ideological and political struggles which have broken the domination of certain previously dominant economic, ideological and political relations. In this way the period of the transition between capitalism and socialism begins, a period traditionally designated by the expression 'period of the dictatorship of the proletariat'.

In a general way, what characterises this period of transition is a certain form of 'non-correspondence' between the different social relations and within the different levels of the social formations, in particular at the economic level. We shall be concerned with this principally but not exclusively in the course of the following pages.

At the economic level, one of the transformations which inaugurate the period of transition is the nationalisation of the principal enterprises, that is, the principal means of production, which thus become state property. This transformation clearly concerns the legal form of property, as was stressed by Lenin.1 It is not identical to the 'founding' of a power and a 'social' capacity for setting in motion the means of production and for disposing of products. It is, therefore, far from constituting a 'socialisation'.

Comments

The radical difference between (legal) nationalisation and socialisation is particularly clear in the Soviet Union in the case of agricultural land. It is well known that the land was nationalised in 1917; until collectivisation the greater part of agricultural land continued to be utilised as before though by different 'utilisers'. During the N.E.P. agricultural land continued in fact to be 'bought' and 'sold' and it had begun to be concentrated again in the hands of rich peasants. Even after collectivisation, nationalisation in itself gave the

* The author's emphases are retained throughout except where the English word order makes it impossible. [E.H.]
state very limited powers over the utilisation of agricultural land; what powers had been obtained were obtained through the effective transformation of the relations of production.

Moreover, as the Critique of the Gotha Programme indicates, the very form of 'nationalisation' and 'state property' is still inscribed in the framework of what Marx calls 'bourgeois right' which is present throughout the whole of the transitional phase. This 'presence' itself is not an isolated 'legacy'; it corresponds to a part of the capitalist social relations which have not yet been eliminated and it can only disappear with the disappearance of these relations themselves. Now it is precisely certain of these relations which are also manifested through the existence of commodity categories, of the value form and of monetary calculation.

On the basis of the preceding remarks we can state the following proposition: the existence of the value form in present day transitional social formations has its foundation in a certain structure of the field defined by the articulation of relations of production and productive forces, the effect of this structure being that different processes of production can only be controlled separately within different units of production.

The units of production, or the 'groupings' or 'unions' of units of production which exert this control over these separate processes, that is, which have the capacity effectively to control determinate processes of appropriation of nature (real appropriation), are, by the same token, possessors of the means of production which they put into operation.

In the majority of the 'socialist countries' the possession of the means of production reverts to 'enterprises'. ('Enterprise' is a frequently used generic term, particularly in the Soviet Union.) When this possession is consolidated by corresponding legal relations the enterprise is instituted as a 'legal subject'; it disposes of fixed capital and working capital, it buys and sells products, borrows from the banking system, disposes of liquid capital, etcetera. This possession therefore tends to assume the legal aspects of property. However, as long as the state effectively exercises a power of proprietorship over the enterprises the legal acts accomplished by them are legal to the extent that the enterprises are in sole possession of the means of production, the products and the liquid capital over which they have power of disposition; in this way the legal acts effected by the enterprises are legal acts in the name of state proprietorship. In the case of a sale of a product, for example, the sum tapped by the enterprise in return for the sale enters into the possession of the enterprise and becomes the property of the state.

One of the problems raised by this is the following: beyond the appearance of 'legal subjects', who, that is, what category of agents, is effectively in possession of the means of production, of the fixed and circulating capital, who can effectively dispose of these? In the case of
the Soviet Union and of the state sector, which we take as the example here, these agents are not workers but the managers of the enterprises, the directors of the enterprises, nominated by the state, by the governmental authorities.

So it is the managers of the enterprises who, within the limits imposed by state property as a relation of production, have the effective power of disposition over the means of production and the products obtained thanks to the operation of them by the workers. Concretely, the plurality of these capacities of disposition, each 'rooted' in a determinate enterprise, is one of the objective bases of commodity exchange between units of production.

The existence of state property 'above' the possession of the means of production therefore imposes limits on possession by the enterprises. It is because of these limits that possession and the legally recognised 'rights' which reinforce it are not transformed into property pure and simple—on the condition that state property is an economic reality and not a simple legal fiction. This is the case, on the one hand, when state property effectively permits the governmental authorities to 'reappropriate' all or part of what each enterprise possesses and, on the other hand, when the state effectively dominates the use which the enterprises make of their means of production and of their products.

Such domination may be more or less rigorous, as a function of the politics operated in this domain by the governmental authorities and, hence, in the last instance, as a function of the effects of class struggle working in a field with a structure determined by a given combination of productive forces and relations of production. This politics is expressed in particular through the greater or lesser degree of autonomy accorded to the enterprises.

In reality, then, the 'limitations' imposed on the 'autonomy' of the enterprises are the manifestation of the power of disposition of the state over the products and of its power of appropriation of the means of production. Furthermore, what appears negatively as 'limitations' in respect of the enterprises is positively the effect of specific relations of production, of relations of property (in the economic sense) which can be socialist relations in so far as they really assure the domination of the workers over the conditions of production and reproduction and hence over the means and results of their labour.

Comments
The above proposition implies:

(a) that the exercise of powers of disposition and appropriation by the state over the means of production only constitutes an effect of socialist relations to the extent that these powers really assure, that is, in an effective and not simply formal and therefore illusory manner, the domination of the workers over the conditions of production and reproduction;
(b) that these powers of the state are only one possible form of existence of such domination and certainly not the most developed form, since state property, even that of a workers' state, still corresponds to a separation of the workers from their means of production and hence to a relation which has been characterised by Marx as belonging to 'bourgeois right'.

It could be argued that the property of the people's communes, when it is inserted within economic and political relations which make it an organic part of a social formation itself dominated by workers' power, constitutes a more advanced form of existence of socialist relations of production than state property 'pure and simple'.

What radically differentiates the people's commune from a cooperative is that it is not only an 'economic unit' but also a political unit, a unit in which social and political exigencies have precedence over economic exigencies. It is, moreover, because of this dominance of political exigencies that in the Soviet Union it has been possible to characterise the state enterprise as a 'superior form of socialist property' in comparison with the kolkhoz which constitutes a collective enterprise.

If what has been stated à propos the people's communes is correct and if the practice of economic and social calculation within the Chinese people's communes corresponds to the nature of these 'units' of production to the extent that they are not merely units of production, the concrete analysis of this practice must be rich in lessons about the conditions of the development of such social economic calculation.

Reciprocally, the existence of the 'enterprise' (in a rigorous sense of the term, a matter to which we shall return later*) appears negatively as a 'limitation' on the powers of disposition and appropriation of the state and of the workers even more, and it appears positively as an effect of specific relations of production, capitalist relations of production. Hence the capitalist character of the 'self-administering' enterprises. The 'self-administering' enterprise inserts itself into capitalist relations of production which it reproduces. In the absence of socialist planning the enterprise (self-administering or not) is dominated by the capitalist relations of production; it can only work with a view to the exploitation [mise en valeur] of its capital. In a determinate concrete situation, of course, forms of workers' self-administration can have a favourable effect for the workers in a transitory way.

This point will be developed later. It can be stated here in the following terms:

The 'enterprise' (in the strict sense of the term) is a capitalist apparatus, one of the places where capitalist social relations are articulated and within which these relations are reproduced. As we shall see, this is the case even if these relations are dominated by relations of a different character which intervene from the political level. Only a 'revolutionisation' of those 'units of production' which have the form of 'enterprises' can put an end to the existence of this capitalist apparatus and replace

* In Chapter II of Part II. [E.H.]
it by a new apparatus, a place of articulation and reproduction of socialist social relations. Clearly, such a 'revolutionisation' cannot be ‘decreed’; it can only be the result of a complex struggle in the course of which the specific traits of a new type of unit of production can appear. In effect, these traits must correspond to objective exigencies and these can only be illuminated through a practice; they cannot be ‘imagined’ because resorting to the ‘imagination’ would be the best way to do no more than to ‘rediscover’ forms of organisation corresponding to the former social relations.

Comments

To say that the specific traits of the units of production which result from the ‘revolutionisation’ of the enterprises and which make them socialist units of production must correspond to objective exigencies is also to recognise that this ‘revolutionisation’ must, inevitably, be accomplished in different conditions according to the local structure of the articulation of the relations of production and productive forces within which the process of ‘revolutionisation’ develops. Thus, in China, the ‘revolutionisation’ of the cooperatives and the consequent transition to the people’s communes took place under quite different conditions from the ‘revolutionisation’ of individual state enterprises carried out in the course of the cultural revolution.

The capitalist character of the ‘enterprise’ (which principally in industry is the concrete ‘unit of production’ on which, as a general rule, state property exerts its effects in transitional social formations) derives from the fact that its structure assumes the form of a double separation: the separation of the workers from their means of production (which has as its counterpart the possession of these means by the enterprises, that is, in fact by the managers) and the separation of the enterprises from each other. This double separation constitutes the central characteristic of the capitalist mode of production and serves as a support of all the contradictions of this mode of production in that they oppose the 'private' character of property or possession to the social character of the productive forces. State capitalism and nationalisations only constitute formal means of partially ‘surmounting’ these contradictions, that is in fact, of displacing their effects.

As means, state capitalism and nationalisations, even those put into operation by a workers’ state, still do nothing more than displace the effects of the contradictions which result from the ‘private’ character of the possession of the social means of production. If the change in the class character of political domination opens the way to the elimination of these contradictions it is because it opens the way to the elimination of the ‘enterprise’, first in ‘limiting’ its autonomy and finally in rendering its ‘revolutionisation' possible,
I. The 'enterprise' and the character of double separation

The character of double separation which the structure of the 'enterprise' assumes concerns the totality of the relations peculiar to this apparatus.

In the first place, and this is the fundamental aspect, the character of double separation constitutes an effect of the relations of production themselves, and hence of the conditions in which, under the domination of the relations of production, the combination of labour power and the means of production operates. Within the enterprises this combination is effected under the direction of the managers of the enterprises, after the labour power necessary to the accomplishment of the labour process which is effected in each enterprise has been purchased. In this way, labour power and the means of production intervene in the process of production under the value form, and the labour process is duplicated as a process of 'exploitation' [mise en valeur] of the means of production. This process of exploitation [mise en valeur] is a process of production and reproduction of the value form through abstract labour.

The character of double separation which characterises the functioning of enterprises is clearly linked to the 'degree of development of the social character of labour'. This, however, must not be 'thought' as the simple equivalent of the 'level of development of the productive forces'. In effect, it is not solely a question of a level of development but also of the characteristics of the productive forces. These characteristics are themselves determined by the nature of the relations of production within which the productive forces have developed historically. In this way machine industry and the industrial enterprise are 'products' of the capitalist development of the productive forces, that is, of the development of these forces under the domination of capitalist relations of production. The characteristics of the productive forces which social formations in transition between capitalism and socialism 'inherit' have, in their turn, been profoundly transformed. At the economic level, the period of transition towards socialism is the period during which the socialist relations of production transform the character of the productive forces.

Comments

The above propositions imply that the relations of production exert an effect of domination on the characteristics of the means of labour (and therefore on the conditions or articulation of the labour process). In fact, history shows that it is following changes arising in the social conditions of production (in the relations of production) that changes in the material conditions of labour (the productive forces) are realised.

It is in this sense that the wooden plough, the harness and the stirrup are products of feudal relations of production, that is, of serfdom and of the
corresponding mode of military struggle. Similarly, machine industry is developed within capitalist relations of production.

The productive forces which develop with given relations of production do not 'produce' new relations of production; if they 'shatter' the relations within which they are developed it is through economic contradictions and, finally, social contradictions which involve the dissolution of the old relations and create the agents capable of being the bearers of the new relations and hence of the new class relations.

When new relations of production appear, they begin by exerting their action on the historically given productive forces. It is this action which transforms the productive forces and imposes on them a determinate structure. The productive forces thus transformed are the productive forces specific to a new mode of production, more precisely, to the mode of production which results from the combination of relations of production and productive forces developed within these relations of production. In this way the capitalist relations of production took shape before machine industry; machine industry developed under the domination of capitalist relations of production to constitute the 'specifically capitalist mode of production'. In the same way socialist relations of production begin by exerting their action on historically given productive forces: it is through a specific transformation of these forces that the specifically socialist mode of production can be constituted.

The consequences of the propositions are numerous. This is not the place to develop them. It is, however, necessary to stress two points:

(a) What has been stated signifies that the development towards socialism in transitional social formations cannot rest solely on a 'reproduction' of the material conditions of production peculiar to capitalist social formations (although these conditions do constitute a 'material base' of departure).

(b) A certain mode of 'relating mechanically' the development of the productive forces to the relations of production, which involves 'thinking' the first term in a linear fashion (a superficial interpretation which certain polemical formulations of Marx can seem to authorise) and imagining that it is this 'development' which 'produces' a transformation in the relations of production, turns its back on the real movement of history. Such a conception can even exert a negative effect on the evolution of social formations in transition.

The last two observations lead to the posing of the following question: are not certain characteristics of techniques developed under the domination of capitalist relations of production the very product of these relations? Take for example the growth in the technical composition of capital and the apparently 'necessary' growth in the size of units of production in order to obtain a reduction in costs (which is designated 'economies of scale' by contemporary economic ideology). Far from being modalities of 'natural laws of technique', are they not quite simply social laws, an effect of the domination of capitalist relations of production on the productive forces, quite concretely an effect of the laws of capitalist concentration and centralisation? There are many reasons for thinking that this is the case.

A positive answer to this question has considerable theoretical and practical consequences. It implies among other things that the importation pure and simple of techniques originating in the most industrialised capitalist countries (where centralisation and concentration have been pushed furthest) can contribute to the development of the productive forces in the importing country
only on condition that the same traits of concentration and centralisation are reproduced in them, and, therefore, at the price of a massive exploitation [exploitation] of the direct producers (primitive accumulation on a gigantic scale).

For countries which have accomplished a socialist revolution, a positive answer to the question is clearly of decisive importance. It implies, in particular, that the importation or 'reproduction' (the 'perfection', even) of techniques originating in the most industrialised countries can create an obstacle to the development of productive forces with the characteristics which both demand new relations of production and permit them really to open a new stage of history in revolutionising the productive forces. It does seem that at the level of political technique what differentiates Soviet industrialisation from Chinese industrialisation (which is being accomplished under the slogan: autonomy, independence, development through one's own resources) is the recognition of the necessity of not taking capitalist technique as a model, at the same time drawing the maximum of what is utilisable for the construction of socialism. This is expressed in an immense economy in the demands of accumulation thanks to which the industrialisation of China can be accomplished without pressure being exerted on the standard of living of the peasant masses; on the contrary, this has been greatly improved and progresses in a regular way. In the Soviet union, by contrast, the technical line followed (which was determined by a set of ideological and political conditions) has led to the realisation of an onerous 'socialist primitive accumulation' whose economic and political consequences have been so considerable that, in the last analysis, it is the socialist character of the accumulation which has been compromised. Of course, these remarks do not signify that the system of the productive forces in China are already the product of socialist relations of production; they only signify that a certain transformation of the productive forces is beginning to be operated under the domination of the new relations of production. Only a concrete and precise study can illuminate the specific characteristics of this transformation.

At the level of the relations of labour, the separation characteristic of the 'enterprise' as a capitalist form of existence of the unit of production is manifested in the fact that at regular periods the workers can be dismissed from the enterprise and must then find alternative employment. The fact that relatively strict rules concerning dismissal exist in the 'socialist countries' and that, in addition, the 'market situation of labour' is in general such that it is not very difficult to find alternative employment, does not change the wage-labour character of the relations of the workers to each 'enterprise'. Furthermore, the functioning of the enterprise assures the reproduction of the separation of the workers from their means of production.

At the ideological and political levels, the form of existence of the unit of production as 'enterprise' also assures the separation of the workers from their means of production; this is achieved first through specific ideological relations: 'authority' of management, hierarchical internal organisation of the enterprise, social division of labour which links the labour management to 'intellectual' labour on the one hand
and the work of execution to manual labour on the other. Of course, these ideological relations are also reproduced by the ideological institutions which prepare the workers for life in the 'enterprises'; the content and even the modalities of different 'orders' of education (to the extent that they are inherited from capitalism) reproduce these ideological relations and so from this quarter subject the technical division of labour to the social division of labour.

Finally, the reproduction of the separation of the workers from their means of production is equally assured by the political relations internal to the enterprise; the legal authority of management can resort to means of repression, to control operated from 'top to bottom' and to sanctions applied in the same way.

These different relations are partially transformed by the existence of a workers' state through the action of a ruling workers' party and in particular through the role played by the workers' party and the trade unions internal to the enterprise. However, this role can only be partial, for a true transformation demands among other things the substitution of new ideological and political relations for the old, that is, an ideological 'revolutionisation' of the workers which makes them assert themselves as the true controllers of production. When this does not occur the possession of the means of production is retained in fact by the managers of the enterprises. In principle this retention is controlled by representatives of the workers. But, social relations may evolve in such a way that the 'representatives' of the workers, of the state and of the party are led to identify themselves with the managers of the enterprises rather than with the workers; hence the crucial importance of an ideological revolution. This constitutes one of the 'moments' of the 'revolutionisation' of the enterprises, of their transformation into a different 'form of organisation', involving a different distribution of the functions of management and control. Only a transformation of this kind can constitute (together with other transformations which concern only the enterprise) one of the stages leading to new forms of socialisation of labour and so to the elimination of the value form from the process of production itself.

In the second place, the characteristic of the separation concerns, as has been pointed out, the relations between enterprises. Here also the intervention of the value form and of commodity exchanges constitutes the index of this separation and the means of 'surmounting' it in its very reproduction. It is well known that this separation implies the functioning of enterprises as units of production which are simultaneously 'independent' and 'dependent' upon one another.

2. The two aspects of the separation and their relations

On the surface, the two aspects of the separation which characterises the existence of 'enterprises' relate to different determinations; hence the
illusion that 'money' does not fulfil the same function in the relation of enterprises with their workers (money as currency) and in the relations between enterprises ('accounting' or 'imaginary' 'money'). This illusion has even given rise in the Soviet Union to an effort to 'separate' these 'two monies' institutionally.\(^2\)

Such an 'institutional separation' can only be illusory because the 'two monies' are one only: they are simply two forms of existence of a single money, as is demonstrated by the fact that they must be constantly 'transformed into one another'.

In reality it is the very existence of the enterprise and the character of double separation which is inherent in it which has as its counterpart the existence of money and its functioning under two complementary forms. The money which each enterprise has put into circulation, either to pay wages or to purchase means of production, must be recuperated by it on the sale of its products. This is a necessity linked to what has been called 'control by the rouble' in the Soviet Union.

However, under the illusory form of an 'independent determination' of the intervention of money 'inside' the enterprises (payment of wages) and 'between' enterprises (buying and selling of products) something real is designated, namely, that the process of elimination of these two forms of existence of money is not the same (in spite of the fact that the one cannot be abolished without the other).

The elimination of money from the relations between the workers and the units of production demands an ideological revolutionisation as much as a transformation and a high level of development of the productive forces. The elimination of money in the relations between units of production demands a domination of the plan over the units of production. To effect the disappearance of commodity relations this domination of the plan must be the form of social domination of the workers over the means of production, the form of social appropriation of the means of production and of the products by the workers themselves, and therefore not simply the form of the unity of labour at the level of a social formation but also the form of the socialisation of labour.

If the plan is not of this kind, its intervention only partially displaces the separation of the workers from their means of production. In this case the intervention of the plan does not permit the disappearance of commodity relations; it simply constitutes a form of intervention of the political level in the economic level, a form of intervention appropriate to state capitalism. State capitalism, moreover, can 'function' under the aegis of either a capitalist state or a workers' state; according to the circumstances, that is, according to the class nature of the state, the effects of the plan are partly different, but in both cases, from the moment when there is separation of the workers from their means of production and separation of enterprises, the plan only exerts its action on relations
which are in part commodity relations and which put up a specific ‘resistance’ to it.

Comments

This ‘resistance’ and the contradictions which result from it can be ‘eliminated’ in two ways: either by making the ‘plan’ an instrument of the ‘duplication’ of commodity relations (this instrument contributes then at its own level to the reproduction of the capitalist relations of production inherent in the existence of money, wage-labour and of the ‘enterprises’) or by transforming the social relations and thus also the character of the productive forces which assure the reproduction of capitalist relations of production. In the first case, the ‘plan’ is only the ideological duplication of the ‘market’; in the second, it is an instrument of the transformation of social relations and of a social domination over the conditions of production. However, such an instrument can only exist within limits fixed by the social relations and by the relations of class forces. Every attempt to operate beyond these limits (which can themselves be known only through a concrete analysis and a real social practice) necessarily ends in defeat; commodity relations cannot be ‘abolished’, a plan cannot be ‘substituted’ for them. Commodity relations are eliminated through appropriate political action of which the plan is only an instrument and certainly not the principal instrument.

The functioning of commodity relations, articulated on the form of the enterprise, itself involves a series of effects of very great importance which it is now necessary to discuss.

3. Some effects of the functioning of commodity relations articulated on the existence of enterprises and the state

A first effect is that the process of production continues to have the form of a process of exploitation [mise en valeur], while labour power enters into the process as value having the capacity to produce a greater value than its own. The enterprise is therefore the place of the reproduction of capitalist social relations of production. The existence of these relations is obviously to be distinguished radically from that of the capitalist mode of production, for this mode (like every mode of production) only exists if a set of corresponding social relations exist simultaneously. If this is not the case, if the social relations of production characteristic of a given mode of production only combine with social relations relating to another mode of production, this is not a mode of production but a form of transition.

In the case which we shall examine, if the capitalist social relations of production which are produced at the level of the enterprise are combined with socialist social relations of production (constituted by planned relations with specific characteristics), the existence of capitalist
social relations of production is not identical to the existence of the capitalist mode of production; they only constitute 'elements' peculiar to the capitalist socio-economic system which are still present in a social formation in transition. When these elements are dominated by socialist social relations of production it can be said that the economic base of socialism exists.

Comments

It is precisely the presence of such capitalist social relations and therefore of the bearers of these relations which characterises the transition between capitalism and socialism. The elimination of these elements coincides with the achievement of transition.

The propositions formulated here have their point of departure in Marx's analyses concerning the presence of 'bourgeois relations' in the course of what he calls the first phase of communism, and in Lenin's remarks on transition. These propositions, however, involve new theoretical developments. What is new is not so much the employment of the concept of 'capitalist relations of production' to characterise the nature of the wage-labour relations in the state enterprises (for this usage is directly founded on Marx's analyses concerning the concept of 'variable capital') as the employment of the term 'state capitalism'. It is therefore a question of extending the concept of 'state capitalism'.

This extension appears to be justified: 1. by the existence in current transitional social formations of a system of capitalist relations of production articulated on state property; 2. by the capacity of this system to reproduce itself; 3. by its capacity to dominate the other relations of production when it is not itself subject to a politics of suppression and transformation.

The utilisation in this case of the concept of 'state capitalism' therefore permits a specification of the concept of 'capitalist road' and to the understanding that this road can be taken at any moment in a transitional social formation. This is what takes place when the politics of suppression and transformation of state capitalism have been abandoned, when state capitalism has the capacity to reproduce itself and to dominate the other relations of production.

Within the conceptual field in which it is defined the concept of 'socialist enterprise' (a 'contradictory' concept like the very object which it designates) refers to the 'enterprise' as the property of a workers' state. The concept of 'enterprise' characterises the form of relations which form between producers and the means of production in a particular form of unit of production. The concept of 'state capitalism' designates the system of capitalist relations of production articulated on state property.

The system of state enterprises constitutes a form of existence of 'state capitalism under the dictatorship of the proletariat'. (This is the formula employed by Lenin to designate a modality of state capitalism less strictly subordinated to the state than the system of state enterprises.)

To the extent that the workers' state dominates this system it 'suppresses' it; the system none the less underlies the economic base of socialism. Even in underlying it, its effects manifest themselves in various ways, in particular,
through the *commodity conditions of the reproduction* of the different fractions of the social capital, and through the *bearers of the social relations* corresponding to this system, that is, at the level of the class struggle. If, as a consequence of this struggle, the domination of the workers’ state is compromised or weakened, state capitalism can become the dominant economic form. It will be noted that only this form fully corresponds to the concept of state capitalism since it rests on state *property*. In this case, it is a question of a particular economic formation characteristic of the *imperialist stage* and not of a ‘new’ stage which would be a stage ‘beyond’ the imperialist stage.

To understand its effects this form must clearly be submitted to a specific *analysis*. The elements of analysis which are at our disposal at the present time indicate a form characterised by great *instability*. This instability is linked to a tendency to the *decomposition* of state property. (It is in this way, it seems, that the essential traits of ‘economic reforms’ in progress in the countries of Eastern Europe may be analysed.)

From the preceding remarks it appears that the development towards capitalism of a transitional social formation cannot be explained by the ‘development of the market’. This development is only an *effect* of the development towards capitalism, and it is itself determined by a reversal in the relations of social forces. However, such a reversal is not necessarily expressed by a ‘development of the market’; on the contrary, it can determine, at least in a transitory manner, the ‘reinforcement’ of state capitalism. (Obviously this point cannot be developed here; it will be taken up in another context.)

The domination of capitalist relations by socialist relations excludes the exploitation [exploitation] of the workers (the surplus-value produced by the workers in the enterprises becomes the property of the workers’ state which appropriates it and redistributes it in conformity with the demands of the construction of socialism), but the existence of capitalist relations implies no less the *possibility* of the re-establishment of capitalism, that is, the possibility of the re-establishment of the exploitation [exploitation] of the workers by those who control the employment of the means of production. This exploitation [exploitation] may be as easily effected by those who intervene as ‘possessors’ of the means of production (the managers of the enterprises) as by those who are supposed to ‘control’ them in the name of ‘state property’. The ‘conflicts’ which can oppose one of these categories to the other are only ever secondary effects, since those who intervene in the name of ‘state property’ are no longer the representatives of the direct producers but simply constitute a category of agents exploiting [exploitant] the producers, in other words, a ruling class.

**Comments**

What it is important to stress in what has been said above is that it is the *wage-labour relation*, intervening in *commodity production* (a production aiming at value and its growth), which constitutes a capitalist social relation of production. The existence of commodity relations is not sufficient to charac-
terise capitalist relations for, as is well known, commodity relations can fulfil a variety of functions. They become relations of production only within the sphere of production. When they are present there they enable the value form to penetrate the process of production itself; this process then becomes a process of exploitation [mise en valeur].

A second effect of the functioning of commodity relations, one which by contrast assumes a fundamental importance in relation to our analysis, is constituted by the very obstacles which this functioning puts in the way of social economic calculation. These obstacles present themselves under two forms. The first is constituted by the ideological effect of commodity relations or more precisely by the space of representation in which these relations necessarily represent themselves. In its turn the existence of this space of representation develops a series of effects which Marx designated through the terms 'fetishism of commodities', 'illusions', etcetera, and which give consistency to monetary calculation and consequently bar in certain respects the road to a true economic calculation.

Comments

It is in these representations additionally that a set of 'norms' tied to the commodity ideology is rooted, the norms of formal equality, of reciprocity, etcetera. This is the terrain which nourishes 'bourgeois' legal ideology and 'bourgeois right'.

The second form under which the obstacles to the development of social economic calculation present themselves, obstacles tied to the functioning of commodity relations, is, if one may use the term, 'negative'. It is constituted by an absence of knowledge, an absence necessarily inscribed in the functioning of any market in that the market establishes the relations between the different units of production in a purely external manner.

In effect, commodity relations only enter into the relations of the units of production through the intervention of their products and not through the intermediary of their labour. This labour is effected in each of them and is not therefore directly confronted between them. It is precisely this character of commodity production which, within commodity production, renders a true economic calculation, a direct measure of the socially necessary labour time, impossible. It is also this character of commodity production which forces those who are party to commodity exchange into monetary calculation and which makes economic calculation possible only for those agents who, whilst not being inserted within commodity relations, are placed in situations which permit them truly to 'penetrate' the different units of production and to have knowledge of the processes which take place there; that
already implies a 'revolutionisation' of the units of production as 'enterprises'.

To sum up, at the economic level the existence of commodity relations and of capitalist social relations in transitional social formations is tied to the existence of 'enterprises'. These 'units of production' are such that they correspond to the structure of the productive forces and to a set of social relations inherited from capitalism. They tend to reproduce these relations. The social relations can only be radically transformed through a process of struggle of an economic, ideological and political character; therefore this transformation can only take place as the historical result of such struggles conducted victoriously.

Comments

The foregoing remarks once again raise the illusory and eventually—under certain conditions—reactionary character of the formulae of 'self-administration'. At best these formulae can permit some direct producers to dispose of a collective legal proprietorship over certain means of production (those belonging to the enterprise they work in), but they only create the division of the workers into as many groups as there are self-administering enterprises. The enterprises themselves continue to be linked to the market. Under these conditions the workers cannot truly dominate the employment either of their means of production or of their products because this employment is itself dominated by commodity relations. Besides, the problems which administration poses through the intermediary of commodity relations are separate from those of production but they exert a decisive influence on the functioning of the enterprises and on the (financial) 'results' obtained by them. Consequently, those whom the direct producers 'charge' with these problems are the people who really direct the enterprises, the people who therefore control at one and the same time the labour process and the conditions or reproduction of capital. This is so even if these managers are 'nominated' by the direct producers. Furthermore, all the characteristics of social and technical division of labour peculiar to capitalism are reproduced in 'self-administering' enterprises. It is only a period of reflux, in a provisional way, and on condition of not serving as an ideological illusion that self-administration can momentarily permit the workers to avoid the direct control of a state bourgeoisie over the means of production. In contrast, in a period of escalation of social struggles, self-administration can be a sort of 'economic trap' which encloses the workers within the limits of the enterprise, limiting their horizons and hiding the necessity, for purposes of a true domination by the workers of the means of production, of a socialisation of labour radically different from the one which is accomplished through the medium of commodity relations.

The emphasis put on the role of the enterprise as master institution of the reproduction of capitalist social relations in the course of the preceding pages must not make us lose sight of the fact that, in present day transitional social formations, other conditions exist which assure the reproduction of these relations.
(a) The existence of a world capitalist system

One of these conditions, whose examination would require a much more detailed discussion than is possible here, is the existence of a world capitalist market and of the dominance of capitalist social relations on a world scale. This has been mentioned earlier. This existence has the particular effect of making a part of the means of production penetrate into the process of production as commodities the determination of whose value is not known directly since it is known only indirectly through its price. Furthermore, this existence compels a part of the units of production to function for the world market. Certainly, the relative 'isolation' of the units of production, which permits the installation of a monopoly of external commerce, can limit the effects of the existence of the capitalist world market. But to limit is not to suppress: it is only to displace the mode of action of the world market. Also, under certain internal conditions, the pressure of the world market can be such that it comes gradually to dominate a growing fraction of production.

In addition, the existence of a world capitalist system is not merely the source of 'directly economic' pressure but also the source of political and ideological pressure. This pressure is exerted, for example, on the modes of consumption and on the forms of organisation of the 'enterprises'. It tends to consolidate the enterprise and the capitalist relations because as a capitalist institution the enterprise necessarily functions 'better'—as a place of exploitation—under the conditions of capitalism than under those of transition where it must cede its place to another form of unit of production.

(b) The existence of the State and of the State apparatus

When one analyses the functioning of present day transitional social formations and the conditions under which economic calculation can develop within them, it is not possible to leave aside the problem of the state apparatus on the pretext that it is not an 'economic problem'. In fact, the very existence of certain political forms contributes to the imposition of a separation between the direct producers and their means of production and therefore to the imposition of commodity relations within the sphere of production as well.

The scale of the questions posed here is such that only a few words can be said about them, taking as a point of departure relevant theoretical propositions stated by Marx and Lenin.

It will be remembered that what Marx called 'modern state power', that is, the power of the centralised state, is in his view nothing other than 'the bourgeois form of government'. The centralised state is a parasitic form which the workers' state cannot utilise. It must smash it and substitute a different political form. This is why Marx stresses that in taking power 'the working class cannot simply lay hold of the
ready made state machinery and wield it for its own purposes", that it is necessary to smash and demolish this apparatus in order to substitute another which is no longer strictly speaking a state power.14

It is well known that Marx saw this new political form in the communal constitution as it emerged from the Paris Commune.

Comments

It is because the communal constitution is that of a non-centralised political power (though it does maintain a certain centralisation) that Marx saw the transitional form of the disappearance of the state, or, to use another of Lenin's expressions, 'the transition from the state to the non-state'15, in the Commune. It is for this reason too that in many Marxist texts the authors refer to 'workers' power' rather than to 'workers' state' or put the term 'state' in inverted commas when it designates the political form of the working class. However, the usage has been established of designating this political form too by the term 'state', thereby indicating that it is a matter of a 'state of a particular type'. This is Lenin's mode of expression in 1917, for example, in his text on 'The Dual Power'.16 He characterises this type of Soviet state as 'a power which is based on initiative coming directly from below, from the popular masses, and not from a law promulgated by a centralised state'.17

For Marx this new political form—which was not invented but 'revealed' by history—is a form necessary to what he calls 'the economic emancipation of labour'.18 It permits the abolition of 'the standing army and the state functionaries'19 and it creates the conditions which permit the workers to 'regulate national production through a common plan thus taking it under their own control'.20

However, the history which produced the communal constitution also produced (for reasons which cannot be analysed here) other political forms of working class power, more centralised forms such as the one installed in Russia during the years from 1917 to 1921.21 This political form, imposed by the historical conditions, Lenin termed 'workers' state presenting a bureaucratic deformation'.22 The existence of such a political form, like the existence of the enterprise, plays a major role in the reproduction of capitalist social relations.

Comments

In a speech given on the 30th December, 192023 Lenin characterises the then existing Soviet state in the terms outlined above. He recalls that this characterisation was retained in the programme of the C.P.S.U. (b) and he stresses its importance for purposes of demonstrating the necessity for the working class of trade unions organisations which permit it to defend itself against a state which 'is not quite a workers' state'.24 Lenin's address is directed against Trotsky's theses which did not allow that the workers' trade unions might have to defend the workers against a 'workers' state'.

This political form is destined to be transformed. Either it can be 'revolutionised' so as to give way to a less centralised, more democratic form, closer to production, or its centralist traits may be reinforced, becoming increasingly separated from the workers and 'ruling' over them increasingly, constituting an apparatus whose members form a 'body' with its own internal rules of recruitment, where the base is only 'responsible' to the summit on which its 'fate' and, in the first instance, its 'advancement' depend.

In other words, this form can play the primary role within the 'bourgeois' social relations. It can become the place where the means of repression directed against the workers are constructed, the place where the power to utilise the means of production and to dispose of its products is concentrated and towards which the elements which are the social supports of non-proletarian ideological relations converge, those elements being the most 'adapted' to the tasks of repression and to the tasks of administration and planning without the control of the direct producers.

The historical evolution of the state apparatus in the Soviet Union has been in this direction. It has produced a specific type of state apparatus whose characteristics may be found also in the state apparatuses of the Eastern European countries.

It is because this type of apparatus also separates the workers from the means of production that it necessarily establishes a particular form of 'planning' and of economic calculation and imprints a particular character on 'social' property. This is precisely why the effects of this property cannot be analysed without taking account of concrete characteristics of the state institution which is their support.

In effect, during the period of transition it is the state (or a political form fulfilling the same functions in this respect) which is the support of 'social' property. This means that this property is not social, since it is exercised by the state 'in the name of society'. So, even at the level of property, the direct producers are separated from their means of production; they are only 'proprietors' through the intermediary of the state.

The real import of state property depends on the real relations existing between the mass of the workers and state apparatus. If this apparatus is truly and concretely dominated by the workers (instead of being situated above them and dominating them), state property is the legal form of social property of the workers: on the other hand, if the workers do not dominate the state apparatus, if it is itself dominated by a body of functionaries and administrators and if it escapes from the control and direction of the labouring masses, it is that body of functionaries and administrators who effectively become proprietors (in the sense of a relation of production) of the means of production. This body then forms a social class (a state bourgeoisie) due to the relation existing between itself and the means of production on the one hand and the workers on the other. This situation clearly does not imply that this
class personally consumes the totality of the surplus product but it does imply that it disposes of it in accordance with norms which are class norms and which include the obligation to allow a dominant role to be played by the market and by 'criteria of profitability'.

Comments I

The term 'state bourgeoisie' employed to designate this stratum is justified by the forms of separation between the direct labourers and the means of production on which its power depends. It is further justified by the functions which this class fulfils, the principal one being a function of accumulation which it exerts as an agent of social capital. This is why the question of 'personal consumption' of this class is a relatively secondary question, in the same way that the question of the 'mode of accession' to these functions, that is, of the 'mode of entry' into this class, is also a secondary one.

Comments II

Of course, where there is a question of domination and control over the state apparatus, either by direct producers or by functionaries and administrators, there do not only exist two extreme situations but also intermediate gradations. Movements in one direction or the other are therefore possible. These movements constitute, at this level, one of the essential features of the phase of transition.

When the movement in the direction of the domination of the body of functionaries and administrators over the state apparatus has reached the point where (because of the evolution of the relation of political forces as much internal to the apparatuses of state and of the party as external to them) a movement in the opposite direction can no longer be expected other than through rebellion of the masses and where the masses cannot count on the support of a share in the management of the state and of the ruling party, it can be said that the domination of the state bourgeoisie has been completely installed and that the phase of transition is terminated by the re-establishment of capitalism.

On the other hand, when the totality of social relations has been profoundly transformed in the direction of a real social domination of the workers over the means of production and the political institutions, state property itself disappears, so as to give way to social appropriation. Clearly, this is only a prospect whose realisation presupposes a radical transformation of the world situation itself.

Comments III

If the above is a question of the 're-establishment of capitalism' and not of the installation of an entirely new class domination it is, as we have seen, because the class domination thus re-established is tied to the domination of capitalist social relations which still exist but which only occupy a subordinate place during the previous phase of transition, as long as the state bourgeoisie
does not dominate the political apparatus. The domination of the state bourgeoisie tends fundamentally to assure a considerable extension of commodity relations and of monetary calculation. Consequently, state property tends increasingly to be merely a simple legal fiction which is not articulated on effective economic relations (planned relations playing a dominant role). These points cannot be developed here; that can only be done together with a concrete analysis of the evolution which has taken place in the Soviet Union in the course of the last ten years.

State property, therefore, is only something other than a simple legal fiction to the extent that it corresponds to social relations which dominate the commodity relations. This domination is that of planned relations, that is, planned obligations which constitute the substance of a true economic plan (as opposed to 'plans' which may be 'predictive' or 'indicative', etcetera). Such a plan is the form of the unit of labour to the same extent that it permits the producers to control production in common and that it is not simply an accompaniment, duplication or reinforcement of commodity relations; in effect, it is only then that it is the instrument of radically new relations, the primary form of existence of socialist social relations.

This leads to the formulation of a final set of remarks concerning the relations between the state and its planning organs and the units of production. These remarks try to demonstrate the effects on these relations of the functioning of 'enterprises' as the form of existence of the units of production.

Comments IV

A first and well known effect consists in the imposition of the value form on a part of these relations. This form intervenes as much in the 'calculations' of the planning organs themselves in the modalities of fixing planned requirements for the enterprises (requirements fixed partly in monetary terms) as when the state centralises the product of surplus labour, because this centralisation also takes place 'in money', that is, in the form of 'payments' effected by the enterprises and destined for the state budget. (The value form, money and the political form of the state, and the economic form of the enterprise thus constitute elements which reciprocally underpin one another.)

A second effect concerns the modes of control of the state over the activities of the enterprises. The very form of organisation of the enterprise, its internal structure, the social relations which characterise it, tend to create an obstacle to the concrete control of its activity. At the same time, the existence of the value form and of commodity relations (consequences of the functioning of the 'enterprises') permit an abstract and external control, namely, monetary control effected on the basis of the balance sheet of each enterprise and of the examination of its financial results. The more commodity relations develop, the more the organs of the state are led to 'control' only the financial results and to 'interest themselves' only in them. (They are expressed in budgetary 'receipts'.)

In the most extreme case, the development of commodity relations can end in the 'planning' organs leaving the enterprises 'free' (whether really or formally hardly matters) to elaborate themselves the essentials of their 'plans', whilst demanding of them that these plans permit the maximisation
of their earnings and of certain payments to the budget, with the rider that sufficient 'coherence' is maintained in these 'enterprise plans'. The role of the 'planning' organs consists therefore in the control of this coherence and in seeing if the 'criteria of maximisation' are respected. In such a case, 'control through money' develops to the maximum and the plan is merely the 'accompaniment' of commodity relations. It is this orientation that has been pursued in the Soviet Union since the reforms of September 1965.

A third effect which has already been indicated since it is intimately connected to the preceding two is the opening of a wide field for monetary calculation, even at the level of the planning organs, and the consequent tendency for the development of economic calculation to be stifled. Clearly, this is not a question of a 'direct' effect. The 'stifling' of one form of calculation by another is only an image, for this 'stifling' is always the product of a politics, that is, of an economic, ideological or directly political class struggle.

Comments V

At this point it is important to recall once again that not only is there rigorously no equivalence at all between economic calculation and 'monetary calculation' (this can be demonstrated easily) but also that 'monetary calculation' is always a pseudo-calculation. It deals in quantities which are not the result of measurement, and its 'results' are already inscribed not only in the dimension of the quantities already 'given' (this goes without saying and is the property of all calculation) but also in the laws which determine these dimensions. Furthermore, this 'calculation' does no more than derive 'automatically' the consequences of a given market situation. Of course, this does not mean that this calculation serves no purpose. It serves to make the laws of the market function more rapidly; it is therefore indistinguishable from these laws and is their complement or, indeed, their extension.

As a general rule it can be said that the monetary form of the relations between the state and the centres of production must develop all the more because these relations concern the managers of the enterprises and because the managers dominate the direct producers, whilst the non-monetary form of these relations, the concrete analysis of the labour process internal to the units of production, demands (if it is to be anything other than a sham or a pious hope) the development of direct relations with the direct producers and the direct participation of the producers in the elaboration of plans, and hence a revolutionisation of the 'enterprises'.

The tendancy to the dominance of monetary relations and the absence of direct participation by the direct producers in the elaboration of the plan constitute two correlative effects of the separation of the workers from their means of production: it implies the development not of socialist relations but of capitalist relations, in the first instance under the modality of state capitalism.
4. State property and plan

It follows from the above that the form of the plan can correspond to:

(a) A duplication and an 'accompaniment' of commodity relations

In this case, it is the commodity relations which are dominant. The workers are thus entirely separated from their means of production, which implies that at the level of the state they have been eliminated from power and hence that capitalism functions within the formal legal framework of 'state property'. In so far as this framework is maintained, we are dealing with state capitalism dominated by a state bourgeoisie. It is certain that if this situation does not prevent the elaboration of an 'indicative plan' it renders impossible the operation of a genuine planning.

Comments

A comment and a specification will be useful here.

In the preceding formulation a distinction has been made between 'elaboration of a plan' (which is a practice that can be undertaken even when commodity relations dominate) and 'planning'. The second term designates, as we have seen, a complex social practice through which transformations corresponding to a political project are effectively realised in the field of productive forces and relations of production. The degree of correspondence between the real transformations and the projected ones constitutes one of the indices of the degree of efficacy of planning. Clearly, it is only one index. This 'efficacy' can in effect only be made the object of indirect evaluations, beginning with the 'realisation percentage of the plans' in particular. Taken by themselves, moreover, these 'percentages' give no information on the real import of the transformations which have been able to be produced.

(b) The dominance of socialist relations over commodity relations

This can only take place really if there has been an end, at least partially, to the separation of the workers from their means of production. This presupposes that the workers occupy a position politically and economically dominant at least through the intermediary of a vanguard to assure the management of the state apparatus and the control of the units of production. In this case, the plan assures the unity of social labour. However, the existence of commodity relations as much at the level of the enterprises as in the relations of the enterprises with the state organs, signifies that this unity is not yet that of socialised labour. 'State property' and 'bourgeois' right thus constitute the framework of a 'state capitalism' dominated by the working class. Capitalist social relations of production still exist but they are placed in a subordinate position; they are combined with planned economic relations which dominate them. This specific combination peculiar to the transition is
State property and socialism

Currently designated as corresponding to the existence of a socialist 'economic base'.

Comments

The above propositions call for three kinds of observations:

I. The concept of 'vanguard' designates, in fact, the ruling workers' party but only in so far as it is a workers' party through its social base, through its links with the direct producers and through its ideology.

II. If such a vanguard does not exist, in particular, if the ruling 'workers' party does not have or no longer has the characteristics which make it the vanguard of the working class, the political and ideological conditions which permit the dominance of planned relations over market relations do not exist. When this happens, it is certainly possible formally to have a 'document' which bears the name 'plan' but this only hides the absence of true planning. Under these conditions, in effect, such a 'document' cannot be based on an internal and deep knowledge of the units of production and the processes of production which take place within them. So, in the absence of this knowledge no planning can be put in operation. What exists, then, is an unstable combination of commodity relations and administrative orders (which the managers of the enterprises obey more or less). The recent concrete experience of the Soviet Union and other 'socialist countries' confirm that this is certainly the case. In the long run, this situation can only lead to the abandonment of such a pretence at planning and to the full development of commodity relations.

III. The third observation concerns the expression dominance of socialist relations over commodity relations. The concept of 'dominance' which figures in this expression signifies that the reproduction of commodity relations does not determine the fundamental characteristics of the reproduction and transformation of the system of relations of production and productive forces. In other words, when this is the case, commodity relations determine neither the magnitude of accumulation nor its distribution between the different social spheres, nor the principal social and material conditions (for example, 'techniques') of production. Therefore these relations only fulfil limited functions at the level of the actual administration of the units of production, and they fulfil these functions under the domination of planned relations. It is in this sense that they are dominated.

These specifications relating to the concept of dominance are indispensable now that in the countries of Eastern Europe the notions of 'managed market' or 'controlled socialist market' are used in a very particular sense. These notions define a reality quite different from that defined by the concept of 'dominance of socialist relations over commodity relations' even though they seem 'equivalent'. In effect, these notions designate a political and economic practice by virtue of which the 'market' (that is, commodity relations) plays the dominant role, whilst the role of the administrative instances of the state is to predict what transformations the commodity relations impose, and this with a view to being in a position of optimal adaption to these transformations. It is not the 'market' which is 'managed' but it is the concrete conditions of its action over which there is an attempt to exert 'control'. For example, in the propositions of Ota Sik it is a question
of 'self-guidance' on 'world prices' (and hence on capitalist social relations) in order to determine the branches in which investment will be made and the techniques which must be operated.

(c) The presence of socialist relations alone

In this case, the economic plan assures the unity of socialised labour. This is a situation whose realisation appears to be far in the future. It presupposes not only profound social transformations in the socialist countries but also an end to the dominance of the capitalist mode of production as a world system.

These are some of the analyses which appear necessary to a better understanding of what has been designated the 'survival' of commodity categories as well as to an illumination of the conditions of the effective (and not simply fictive) elimination of commodity relations, these conditions being equally those of a real development of 'economic calculation'.

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Notes and references


3. Cf. the Communist Manifesto and the Critique of the Gotha Programme.

4. See in particular Collected Works Vol. 32, and Chapters 1 and 5 of my book La Transition vers l'Economie Socialiste, supra.

5. Preobrazhensky was one of the first to try to explain the existence of this system using the notion of 'commodity-socialist system of economy' (cf. The New Economics, O.U.P., London, 1965). This notion is inadequate because it refers only to the spheres of circulation.

6. It is well known that Lenin often used the term 'state capitalism', especially in the texts of 1917 and 1918 (where it designates simultaneously the systems of relations resulting from nationalisations and measures of state control), and in the texts of 1921 and 1922 (where it designates principally the system of 'concessions' accorded by the state to private capital, the development of cooperatives under state control, the employment of 'bourgeois specialists' in the state sector and the introduction of monetary and financial relations between state enterprises), but the use of this term is not systematic; essentially it has a descriptive character. The term is found again, of course, in the description of the 'tendencies to state capitalism' or to 'state monopoly capitalism' in the texts which Lenin devoted during that period to the analysis of contemporary capitalism, German capitalism in particular. N. Bukharin has also utilised the notion of 'state monopoly
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capitalism' (in Economics of the Transformation Period, Bergman, New York, 1971), but for him the notion refers in the most extreme case to the conception of a 'single state trust', that is, something very different from the system of enterprises linked by commodity relations and functioning with a view to the reproduction and growth of value.

7. I intend to analyse the significance of these 'reforms' in a future text.

8. Certain aspects of these obstacles have already been pointed out. Cf. p. 39 of the present work.

9. The discussion which follows owes much to talks I have had on this subject with Etienne Balibar and Yves Duroux.

10. Cf. p. 47 of the present work. [The reference is to Section 2 (a), 'Historical review of the answers given to the question of the existence of commodity categories in social formations in transition towards socialism,' in Chapter II of Part I. E.H.]


12. What Marx refers to here is 'the centralised state power, with its ubiquitous organs of standing army, police, bureaucracy, clergy and judicature—organs wrought after the plan of a systematic and hierarchic division of labour . . .', op. cit. p. 289. It is this state which Marx speaks of when he says, 'The Communal Constitution would have restored to the social body of all the forces hitherto absorbed by the state parasite feeding upon, and clogging the free movement of, society.', op. cit. p. 293, and when he describes it as a permanent source of corruption with its 'irresistible allurements of place, pelf and patronage . . .', op. cit. p. 289.


14. Speaking of the Commune Marx says that its existence no longer was 'a check upon the, now superseded, state power.' Op. cit. p. 293. (My emphasis. C.B.)


19. In a first draft of an essay on the Paris Commune Marx expresses it like this: 'It begins the emancipation of labour . . . by doing away with the unproductive and mischievous work of the state parasites, by cutting away the springs which sacrifice an immense portion of the national produce to the feeding of the statemonster on the one side, by doing, on the other, the real work of administration, local and national, for workingmen's wages.' The Civil War in France, Foreign Languages Press, Peking, 1966, pp. 171-72.


21. This other form of political power appeared in the course of the civil war. The Ninth Congress of the Russian C.P. admitted the necessity of this form in 1926. Lenin spoke on the matter in these terms: 'If we do not want to be guilty of sheer utopianism and meaningless phrase-mongering, we must say that we must take into account the experience of the past . . . that for the work of administration, of organising the state, we need people who are versed in the art of administration, who have state and business experience, and that there is nowhere we can turn to for such people except the old class.' Collected Works, Vol. 30, p. 458.

It is this state apparatus which Lenin will qualify as 'workers' state with bureaucratic deformations' (see below) because of its hierarchical structure and the system of nominations which prevail there, etcetera. If it remains a
workers' state it is because it is only the state *apparatus* which is 'bureaucratized' whilst political power, which *dominates this apparatus*, is a workers' power not exercised 'directly' by the 'whole of the working class' but by the vanguard of the working class which forms the ruling workers' party. This party is therefore closely linked to the masses whose political and ideological vanguard it effectively constitutes. It is the combination of the action of this vanguard, of the apparatus of the Soviets and of the trade unions which assures the domination of the working class over the State apparatus and which enable the state apparatus to hold political power.

When in December 1920 Lenin describes the mode in which the dictatorship of the proletariat is exerted he states, 'What happens is that the Party, shall we say, absorbs the vanguard of the proletariat, and this vanguard exercises the dictatorship of the proletariat. The dictatorship cannot be exercised or the functions of government performed without a foundation such as the trade unions. These functions, however, have to be performed through the medium of special institutions which are also of a new type, namely, the Soviets.' Lenin, *Collected Works*, Vol. 32, p. 20.


25. It is well known that a concrete historical analysis cannot be limited to social relations alone but must also explain *institutions*. (Cf. on this point a remark of Lenin à propos the 'April Theses', *Collected Works*, Vol. 24, p. 32.)

26. The point of departure of such a demonstration is the following. All monetary calculation is inscribed in a 'price system' which is the result of historically given monetary expenditures and revenues, 'corresponding' to the material and social conditions of production at a certain point in time. If monetary calculation has a predictive character, it is in relation to the extraction of the 'optimal conditions' under which a certain result can be obtained. These 'optimal conditions' are themselves expressed in monetary terms (expenditures, or accounts of receipts and expenditures); they therefore relate always to a price system, whether it is the system existing at the time of the calculation or a system that has been 'modified' in the light of certain hypotheses. Such calculations cannot tell us much about the properly economic import of the results in view and about the conditions of their realisation, that is, about the transformation of the relations of production, about the development of the productive forces and about their characteristics. The significance of such calculations is strictly limited to monetary magnitudes, the only ones present in the field, in the interior of which these calculations are inscribed, but the possibility of such calculation does not mean that the economic space can be reduced to the monetary field.