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Dear Comrades:

The NY local of the WP, yesterday held the first of the announced series of discussions on the various positions of the party. The topic was the Russian Question with Shachtman for the Majority and Forest for the Minority. Each had 1 hr. 15 mins. for presentation and 30 mins. for summary. At this meeting there was time only for questions from the floor. At the next meeting on June 7, the floor will be open for discussion to be followed by a final summation by each speaker. Rather than edit or editorialize about the meeting I'll report the substance of the reports, the questions asked and the summaries. Shachtman spoke first:

The Russian Question is the most important question for the revolutionary movement since the Russian Revolution. It dominates the political life of the world bourgeoisie and the world labor movement as well as that of the Fourth itself. The answer given to this question will determine the fate of the revolutionary movement and the character of the epoch.

The studies and analyses of the Russian question are the greatest contribution made by the Trotskyist movement and above all by Trotsky himself. We shall confine today's discussion to the ~~xxx~~ class character of the Stalinist state today.

The state is a political institution consisting fundamentally of prisons and military bodies of men separated from the people as a whole. Its function is to keep in subjection the class from which the ruling class derives its power and wealth. The ownership of the means of production determines the ruling class. Thus, the slave owners ruled in the slave states, the land owners in feudal society, and the capitalist owners rule in capitalist society. But where there is no ownership as such what are the class characteristics of the ruling class? The working class, with the Russian Revolution, took over the ownership of all the means of production and turned it over to the state they established. We have thus a new criterion for determining the ruling class. The class character, therefore, of a workers state is not determined by who owns the means of production since the state owns them and the state is not a class. Therefore, the class character is determined by the class character of the state. This is a political not an ownership criterion. The class character is not determined by the ownership of property, but by the ownership of the state. The political power of the bourgeoisie is assured by its economic power which is assured by its ownership of the means of production. The economic power of the working class, on the other hand is assured by its political power. We therefore called the Bolshevik state a workers state. The Bolsheviks were on their ~~xxx~~ guard against the restoration of capitalism from two possible directions: 1) from the armed imposition from abroad, 2) from the re-emergence of the petty capitalist elements still in Russia, the Kulaks and Nepmen.

For years now the Russian working class has had no control at all of the state and no political power. Given our premises it is therefore sufficient for us to conclude that Russia is not a workers state. Without political power the state can't be a ~~xxx~~ workers state. It is political power which safeguards the workers control of the state. But if the working class is not the ruling class, who is?

Trotsky saw a way out by developing the theory of a degenerated workers state. A Bonapartist workers state. He said the working class has no political power but neither have the capitalists because nowhere has private property been restored. Rather the kulaks and nepmen have been completely destroyed. There are still some elements of them but these are completely unimportant. Nationalized property, he said still remains in existence as established by the Revolution, it is therefore a degenerated workers state. Trotsky said the workers no longer have political power but they retain economic power. From our basic criteria that the economic power of the working class rests on its political power we say that Trotsky was completely wrong. Trotsky correctly looked for the restoration of capitalism in the restoration of private property, where Lenin also looked for it. But the state property developed at the same pace as the loss of political power by the proletariat. This dilemma the workers statista don't begin to resolve.

For many years now another explanation has been offered: Russia is not a workers state because the proletariat lacks political power. Neither is it a classical capitalist state. However it is a particular type of capitalist state. In Russia, the theory says, we have state capitalism. This theory had its greatest dissemination from the European, especially the Russian, Mensheviks. I don't state its origin to discredit the theory. But even before the Russian Revolution, the Mensheviks had a rigid conception of Marxism. They therefore denied in advance the possibility of a socialist revolution in Russia. They insisted therefore that only a bourgeois revolution was possible for Russia. The theory that post-Bolshevik Russia is a capitalist state flows logically from the wooden conceptions of the pre-Bolshevik Mensheviks. Thus for Otto Bauer, R. Abramovitch, for Dan, for Kautsky, Russia was state capitalist. All support their thesis by quoting from Engels.

His quotation, always misunderstood and improperly applied, has been used by all of these as the peg for their theories.

The peculiarity of the state capitalist theory is two-fold: 1) the term is used by all these theoreticians to characterize the most antagonistic phenomena. What they cannot explain, they call state capitalism; 2) no two people will agree or can agree on a definition of what is state capitalism.

The formula state capitalism tells us nothing because it covers too much. It tells us nothing which specifically distinguishes what is in Russia. According to it we would also have to call England, Germany, Japan, Poland, etc. state capitalist. All specific differentiation is thus lost. The liberal radicals say that state capitalism exists where the state is the only capitalist. This is ridiculous. Capitalism can never exist without a capitalist class. The state is not a class. It has been said that the capitalist is on y an agent, but without that agent there is not nor can there be capitalism. If you say this then I add that where there is only one capitalist in whose hands are concentrated all the means of production, then it is no longer capitalism. If, therefore, you say the state is the capitalist, you deal in contradictory terms. Moreover, this has never been the Marxist conception of state capitalism.

Lenin said the state capitalism the Bolsheviks "are establishing is unique." Bukharin wrote much about it but where he wrote that capitalists in one country can abolish competition, Lenin appended "Can not." Bukharin's example of state monopoly capitalism was the United States of World War I. But here private property existed and competition existed. In no country of capitalism has it ever been seen in any stage of development at all, where the state takes over private property and capitalism remains.

I don't claim to be a great theoretician but I console myself by watching those who do claim it. Still I have learned something: Everything I learned about capitalism from the theorists of our movement all said that for capitalism to exist there must be these basic features: 1) predominance of commodity production, i.e., production for the market, production which operates by the blind dictates of the market; 2) private ownership of the means of production and exchange; 3) existence of free wage labor. What does Marx mean by free wage labor? He gives the term a dual meaning: 1) labor must be free of ownership of the means of production and 2) it must be free politically - no serf is a wage worker. Not one of these three basic requirements exists in Russia today. All writers and teachers of Marxism agree on these criteria of capitalism. Read Marx, Engels, Kautsky, Bogdanov, Lenin, Trotsky, Sverdlov, all the standard texts, all agree. There is no reason to revise that. But the state capitalists say they won't argue about it. Instead they say that in Russia the law of value operates in full force. Since it operates in Russia and also under capitalism, Russia therefore is state capitalist. But this is not true as the state capitalists state it. The law of value, say Marx, is a natural law. It is neither established nor wiped out by capitalism. Scientists distinguish the forms in which it operates. It operated one way under Lenin, one way under Stalin, and it operates one way under Truman or Hirohito. Under capitalism, the law of value operates under private exchange. This distinguishes it specifically. Marx and Lenin themselves say so. Let me refer to a few of the other laws operating under capitalism. Under capitalism, regardless of the relation between constant and variable capital we have the achievement of an average rate of profit. How is this established in Russia if Russia is capitalist. The rate of profit is of vital significance in capitalist production. Without it there would be utter anarchy. For a given total national capital there is earned a given national surplus (national profit). How is this distributed among the various capitalists? By what law? By a political decision? No. By a basic economic law which says I get from the national profit the percentage which my capital is of the total national capital. Steel therefore gets more than doll. Under capitalism production is only for profit. If I don't get a profit I quit producing. How is this manifested in Russia? Do the Russian capitalists divide it according to percentage of total capital? If not, then by what law?

Many of the state capitalist theoreticians are anti-under consumptionists. They say there are disproportions. What determines these disproportions in Russia? In capitalism this is determined by the blind distribution of the national capital in private property. Who composes the capitalist class of Russia? The state is not a class. Which is the class in Russia? How does one become a capitalist in Russia? How can you buy in. How do you enter and leave it in Russia? How is the class perpetuated? By what economic means? By inheritance? How else? Is there not nevertheless an inherent trend towards the concentration of capital? Isn't there such concentration in Russia? It is counteracted by other tendencies moving in the opposite direction, but this isn't important. We can't deny the theoretical possibility. But if you achieve such concentration in one hand, then capitalism comes to an end.

The last refuge is that it is a unique capitalism in Russia because it follows a proletarian revolution. It has a no natural history. All other capitalisms

and capitalist classes came out of pre-capitalist conditions. This one came out of a decayed bureaucracy. In that case it must be acknowledged that such capitalism has never existed before nor will it again unless there is the perspective of other proletarian revolutions which will decay. Lastly, if Russia is a fascist state capitalism, there should be some reflection of that in the social world outside of Russia. Somehow the international working class feels that Russia is anti-capitalist. Certainly the international bourgeoisie knows that it is anti-capitalist.

Now to summarize our position: What then exists in Russia? We call it a bureaucratic collectivist state - anti-proletarian and anti-socialist, but also anti-capitalist. The ruling class is a bureaucracy. The possibility of such a bureaucracy was foreseen by Marx. I've already published without challenge what the leader next to Trotsky of the Russian opposition said in 1931 that in Russia there is a unique ruling class. Bukharin said that in degeneration a peculiar ruling class could emerge. Trotsky allowed for its possibility and concluded therefore that if it occurred ~~Marxism~~ Marxism would have proved to be a utopia. I don't agree with his conclusions but nevertheless he allowed for the theoretical possibility. Our theory arose from our analysis of developments in Russia. It is impossible for the working class to maintain power indefinitely in one country and it is impossible to create socialism in one country. We thought that the capitalists would be restored but the Russian bourgeoisie proved to be too weak to retake power. Capitalism can come to Russia primarily from the outside. But world capitalism didn't and couldn't do it because it was too weak and too torn by its own internal contradictions. In the midst of this mutual impotence, to maintain the revolution or to reestablish bourgeois rule, the unique class gem brilliantly foreseen by Bukharin came to pass by smashing both the working class and the remnants of the bourgeoisie in Russia. The bureaucracy came to power and expanded production - not socialist production nor capitalist production as the international capitalists know it. Thus arose the new barbarism in which the old classes have been destroyed. The old working class does not exist in its capitalist form or in its workers state form. Even less does the old bourgeoisie exist. Trotsky said that in fascism on the one hand and in Stalinism on the other we already see the beginnings of the barbarism. The future of the barbarism cannot be seen a priori. We don't pretend the longevity for the bureaucracy that Marx could foretell for capitalism. That task remains to be done. Bureaucratic collectivism has demonstrated the incapacity of the working class to reestablish ~~socialist~~ society on communist beginnings if confined to one country. The working class internationally is inexhaustible, but in one country it is exhaustible. The future of Stalinism can be seen only in struggle. Our task is therefore to lead the struggle against Stalinism. I hope to develop in future discussion the crisis in the Fourth as remaining left wing of Stalinism or the left wing of the working class.

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The substance of Forst's presentation follows:

We have been treated to a curious lecture by comrade Shachtman. You might have thought that we have not had six years of struggle. He disregarded the development of the war and the development of Eastern Europe. Also he disregarded his own position. We don't expect another Capital, but in six years we expect more than he said in 1931. He spent ten minutes on workers statism, fifty minutes on state capitalism, and only fifteen minutes on bureaucratic collectivism. But in his fifteen minutes he had time enough to say that he disagreed with Trotsky, or only partially agreed with him on the question of the re-araisal of the epoch. It's just like saying the lady is only a little bit pregnant.

In 1946, we summed up our differences. We said Trotsky left us a dual heritage: the concept of world revolution and the concept of workers statism. We said we must retain the one and change the other. The Majority and the IKD did the completely opposite: on the basis of the degeneration of the October Revolution they revised the concept of world revolution. It is therefore necessary to see how Trotsky developed the theory of the permanent revolution. He said the most advanced state will give the characteristics of the world revolution and the development of the production relations. But in the concrete state, by combined and uneven development, we cannot ignore the less advanced. What is involved is not setting the date for the revolution but placing it in perspective of world revolution. What is involved is the perspectives of world revolution. Therefore in revising Trotsky's workers statism you must use his own method: world revolution on the basis of the objective development of the economic forces and on the basis of working class intervention. The inevitability of socialism is based only on the collapse of capitalism. Every generation of Marxist has had to work this out concretely.

Marx drew his conclusions of how the law of value operates in advanced capitalist countries. The "how" for Marx was not to remain on the market and its "equality," but to go into production. The conflict between one group who produces more than his value and the group who usurps the surplus value. This inequality is the heritage of Marx. How was he able concretely to foresee what we are seeing now? By analysing the conclusions of the law of motion of capitalism. We have to see how he analysed the limits of capitalist society. Since World War II, incidentally Max, Hilferding said that the Mensheviks were wrong before. That there is no state capitalism in Russia because there is no private property.

Marx set himself the task of determining whether the law of value with its concomitant, the law of the concentration of capital, would change the law of the declining rate of profit and the aggregate of constant to variable. Marx said "No." You can't avoid this contradiction. Marx made this analysis in volume I and set it up as his premise, so to speak, in volume II. Engels carried the analysis forward in *Anti-Duhring* and the *Critique of Erfurt* and said that after a certain stage you cannot any longer have "planlessness." Lenin put it in *State and Revolution*; Bukharin in the ABC of Marxism; Trotsky in the first manifesto of the Bolsheviks. This was no abstraction because the Bolsheviks face the problem of making the Russian workers state into a world workers state. Trotsky, who later denied capitalism in Russia still allowed for its theoretical possibility. He said state capitalism would be no mystery to us, the only difference would be that instead of the rate of profit being decided by competition it would be decided by the state. The average rate of profit is not decisive to Marx. The law which the capitalists can't escape is the law of the declining rate of profit. ~~because labor is the only source of surplus value.~~ In 1929 we moved to a stage past 1929, and with the rise of fascism there was further indication that stratification is the new phenomenon of capitalism. What has occurred?

With World War II and the role of Russia in the war, new questions arose. In 1946 we said: "The experience of Stalinist Russia since 1936 has exploded the idea that planning by any class other than the proletariat can ever reverse the laws of motion of capitalist production. Planning becomes merely the stratified instead of the spontaneous submission to these laws.... Stalinist Russia, driven by internal contradictions of value production, i.e. capitalist production, has defeated Germany only to embark upon the same imperialist program, reproducing in peace the economic and political methods of German imperialism, direct annexation, looting men and materials, formation of chains of companies in which the conquering imperialism holds the largest share." (Bul. of the CP, vol 1, #2, April 27, 1946)

We went further. We tried to analyze politically, philosophically, statistically what occurred. We don't accept Shachtman's ridiculous hierarchy of politics versus economics.

When we come to the analysis of our age to say the phenomenon today is stratification. ~~Forst's analysis~~ Russia is the central question today in the sense of being the first in line of what was foreseen theoretically. We saw that stratification had no effect on the capitalist laws. It is not private property but how much of surplus value extracted goes back into production. What is involved is how the law of value operates in the new decadent society.

Marx wrote: "Those who look upon the self-development of value as a mere

abstraction, forget that the movement of industrial capital is the realization of this abstraction. Value here passes through various forms in which it maintains itself and at the same time increases its value. ~~As we are here concerned in the form of this movement, we shall not take into consideration the revolutions which capital-value may undergo during its rotation.~~ But it is clear that capitalist production can only exist and endure, in spite of the revolutions of capital-value, so long as this value creates more value, that is to say, so long as it goes through its cycles as a self-developing value or so long as the revolutions in value can be evaded and balanced in some way. The movements of capital appear as the actions of some individual industrial capitalist who performs the functions of a buyer of labor-power, a seller of commodities, and an owner of productive capital, and who brings about the process of rotation by his activity. If social capital-value experiences a revolution in value, it may happen, that the capital of the individual capitalist succumbs and fails, because it cannot adapt itself to the conditions of the conversion of values. To the extent that such revolutions in value become acute and frequent, the automatic nature of self-developing value makes itself felt with the force of elementary powers against the foresight and calculations of the individual capitalist, the course of normal production becomes subject to abnormal speculation, and the existence of individual capitals is endangered. These periodical revolutions in value, therefore, prove that which they are alleged to refute, namely, the independent nature of value in the form of capital and its increasing independence in the course of its development." (Capital, vol. II, p. 120)

It is this law of value which operates in Russia and which makes itself felt in spite of the bureaucracy. It shows that state capitalism which is the highest form of capitalist development is also the disintegration of capitalism. Not only is obsolescent material destroyed, but also inefficient managers are purged. Capitalism in its modern state form destroys the capitalists because there is no stability for the modern capitalist of such a state.

In 1947 it is no longer only the beginning. It is the beginning of the end. This is what we must analyze, not the law of private property. Marx said it was possible to have "private" capitalism without private capitalist property, that's why he could speak of communal capitalism and of capitalist communism.

We know that in the workers state the law of value operates in the sense of the existence of the world market, but it does not operate to the extent that the working class intervenes in production and it withers away to the extent that the workers' intervention causes the state to wither away. The difference is between domination and operation.

In 1943, the Stalinists revised Marxism by stating that the law of value operates but that it is not capitalism since, in effect they said, since production is organized in a soviet state.

It is a sorry sight when a leader of a Marxist movement like Comrade Shachtman at this stage of decadent capitalism, does everything to obscure what Marx worked so hard to reveal in the progression of successive historic orders - the general law of motion of societies. This general law Shachtman transforms into an iron succession. He proceeds to throw this straw man down not by revealing how Russia has deviated and escaped from the "iron pattern" but the fact that the "regime of Mahanet Ali" does not fit into it. Instead of showing how Russia differs from capitalism, he merely asserts that it differs. Marx wrote of the economists:

"The vulgar economist thinks he has made a great discovery when, as against the disclosure of the inner connection, he proudly proclaims that in appearance things look different. In fact he is boasting that he holds fast to the appearance and takes it for the last word."

The bureaucratic collectivists make much of the fact that the bureaucratic collectivists cannot be called capitalists because the capitalists don't choose to introduce "bureaucratic collectivism." They substitute the will of the capitalist for the law of capitalism. It is like Kautsky's argument which said that imperialism is not a stage of capitalism but is a policy preferred by bad capitalists.

It is still necessary to see what laws are operative not what laws are claimed not to operate. Shachtman says the future will be decided by struggle. This is an evasion. Does the struggle flow from the regime and the economy or is it a fervent wish? Is bureaucratic collectivism replacing capitalism in Yugoslavia, in Czechoslovakia, in Poland? What kind of an analysis is it which fails to deal with this? In Chicago, Ferguson said that the law of motion in Russia is suspended. That the economic laws don't operate there today because politics prevents them from operating. That there is no anarchy of production in Russia. Does Shachtman say this too? Shachtman makes a big thing of slave labor. He speaks of the two-fold freedom of free labor finding it to be 1) freedom from ownership of the means of production, and 2) freedom to sell its labor power on the market, i.e. political freedom. But this is not what Marx meant by the two-fold freedom. What Marx said was:

"Free labourers in the double sense that neither they themselves form part and parcel of the means of production, as in the case of slaves, bondsmen, etc., nor do the means of production belong to them, as in the case of peasant-proprietors; they are, therefore, free from, unencumbered by, any means of production of their own." (*Capital*, vol. I, p. 785)

This is the Russian worker, the Nazi worker, and the American worker today in this stage of capitalist decadence. The degradation of the worker results not from the decadence of the Kremlin, but from the decadence of capitalism.

Has Stalinist Russia avoided the anarchy of production, crises, unemployment, has it solved capitalist contradictions? If it could solve these contradictions it would rule the economy not be ruled by it.

I say therefore, that in revising Trotsky's workers' statism, we revise it in the context of world revolution. You revise it in the context of world revolution in the light of the Russian degeneration. In Russia do you call for a proletarian revolution or for a slave revolt. Slave revolts could organize no new society. Proletarian revolution establishes a new society.

In the dispute between Lenin and Bukharin, Bukharin said throw out everything which preceded the revolution. Lenin said the whole must be seen as a process. Lenin wrote: "This is the general perspective of world history. Whatever the subsequent vicissitudes of the struggle may be, however many partial zigzags it may be necessary to overcome...in order not to get lost in these zigzags and twists of history and to preserve the general perspective...in order not to get lost in these twists, in order not to get lost in the periods of retreat, retirement or temporary defeat, or when history or the enemy throws us back..." And I add: It is all the more necessary not to say not if the revolution fails then what, but to base ourselves on the unconscious strivings of the working class to reorganize society on communist beginnings.

The following were the questions asked during the question period:

Vaughn to Forest: Marx speaks about crises and explains it thus: a particular capitalist reinvests and sets a new relation between constant and variable and thus crises occur. How do you explain that this should occur ~~xxxxxxx~~ where there is a single capitalist without competition? Why should he reinvest to alter the ~~xxxx~~ relation between constant and variable? Why can't he plan properly? How do you explain crises on your basis?

Bob L. to Shachtman: You state two prime requisites for capitalism: 1) commodity production for the blind market; 2) disproportionality of production. Such disproportionality should not exist in Russia according to you, therefore crises should not exist in Russia. If there are no crises then there is an advanced society. Is this true of Russia?

Jimmy to Shachtman: Has the theory of bureaucratic collectivism a position on: 1) Which of the basic contradictions of capitalism has Russia solved? 2) Are the will and intelligence of the Russian bureaucrats still subject to the blind economic laws as are the will and intelligence of the capitalist class? And flowing from these 3) Will you relate historically, the bureaucracy to capitalism.

I. Berg to Forest: Do you consider the Nazi bureaucracy as part of the capitalist class? If you do as Jimmy claimed in 1941, how can we speak of Bonapartism in Germany? How speak of capitalists expropriating capitalists?

Lund to Forest: In the Struggle for the New Course, Shachtman related the bureaucratic struggle first against the right wing and then against the left wing. On the basis of state capitalism how do you characterize the 1920 struggle?

Ricky to Forest: If the blind economic laws can in part be consciously controlled in a workers' state, why isn't it possible for the state capitalists to plan the proportion between constant capital and variable capital in the same way as the working class can?

Ruth to Shachtman: Forest in her studies of Russian economy showed that



in Russia the same relationship exists between the production of the means of production (Dept. I) and the production of the means of consumption (Dept. II) as exists in capitalist society. From what economic laws does this derive in Russia if not from the capitalist law of accumulation?

Shachtman asked Forest whether there is no disproportionality in Russia. To what does Shachtman attribute this disproportionality in Russia?

If the law of value operates in Russia, to what extent does it do so?

What is produced in Russia? Use value? How is this so?

Mark Newman to Forest: In relation to labor being free in a double sense: free of the tools and free of the land, i.e. to go where it wishes, is this true in Russia?

Maggie Bell to Forest: Jimmy said that bureaucratic collectivism arises from Trotsky's theory of the workers' state and he is opposed to both. How then does he justify his making a bloc with them against us?

Herman to Shachtman: Shachtman poses as a criterion of capitalism the private ownership of the means of production and exchange. Did this exist in non-capitalist society?

Herman Fenwick to Shachtman: Did free labor exist in Nazi Germany?

Forest: Were the 1936 purges, purges of inefficient managers? It seems to me that her position on purges is a justification of the Stalinist purges.

Maggie to Forest: Forest says bureaucratic collectivism denies the inevitability of socialism. She says that evaluating phenomena and then drawing conclusions is pragmatism which she opposes. On what basis does she determine inevitability?

H. Blackwell to Forest: By what concrete mechanism does the law of value lead to the declining rate of profit. How does this occur in Russia?

Kelton to Forest: Didn't the same phenomena of Russia today exist in Lenin's Russia?

Corbin to Forest: In international competition, i.e. military competition between nations necessary to calling Russia a state capitalism. If Russia conquers the world would it still be capitalism?

To Shachtman: In the United States there is competition between individual capitalists, but in Russia international competition affects its internal economy. In spite of no competition within Russia, why doesn't world competition act as a substitute for the Russian economy?

Yoni to Shachtman: Marx used the mode of production as a determinant of the character of the state. What is the mode of production in Russia?

I. Berg to Forest: From 1923 to 1936 what were the laws of motion of the degenerated workers' state? What contradictions existed in the degenerated workers' state of that period? What was the relationship then between the bureaucracy in Russia and the capitalist class in Russia and throughout the capitalist world?

Shachtman for ten minutes: I asked certain basic questions. What are the characteristics of capitalism as Marxists have always defined them? Do they apply in Russia? I still want answers. The three basic characteristics of capitalism are as I stated them and I quoted many Marxist theoreticians in support. I want a good reason why this now has to be abandoned to accommodate the theorists of state capitalism in Russia. Is there a tendency to a single state capitalism? Yes. But Marx and the Marxists have made it clear that when that occurred it would no longer be capitalism. Marx said: "The rate of profit is the compelling power of capitalist production, and only such things are produced as yield a profit. Hence the fright of the English economists over the decline of the rate of profit. That the bare possibility of such a thing should worry Ricardo, shows his profound understanding of the conditions of capitalist production. The reproach moved against him, that he has an eye only to the development of the productive forces regardless of 'human beings,' regardless of the sacrifices in human beings and capital value incurred, strikes precisely his strong point. The development of the productive forces of social labor is the historical task and privilege of capital. It is precisely in this way that it unconsciously creates the material requirements of a higher mode of production. What worries Ricardo is the fact that the rate of profit, the stimulating principle of capitalist production, the fundamental premise and driving force of accumulation, should be endangered by the development of production itself. And the quantitative proportion means everything here. There is indeed something deeper than this hidden at this point, which he vaguely feels. It is here demonstrated in a purely economic way, that is from a bourgeois point of view, within the confines of capitalist understanding from the standpoint of capitalist production itself, that it has a barrier, that it is relative, that it is not an absolute, but only a historical mode of production corresponding to a definite and limited epoch in the development of the material conditions of production." (*Capital*, vol. III, pp. 304-5).

In Russia you have that single capitalist - the state. What is the compelling law? Marx said it's ~~profit~~ profit for the capitalists. Is this so in Russia? Explain this unsatisfactorily and I'll agree with you. I'm well known as a vacillator.

Now on the question of value: Here is a letter Lenin calls the outstanding letter for an understanding of Marxism. Letter to Kugelmann, July 11, 1868:

"The nonsense about the necessity of proving the concept of value arises from complete ignorance both of the subject dealt with and of the method of science. Every child knows that a country which ceased to work, I will not say for a year, but for a few weeks, would die. Every child knows too that the mass of products corresponding to the different needs require different and quantitatively determined masses of the total labour of society. That this necessity of distributing social labour in definite proportions cannot be done away with by the particular form of social production, but can only change the form it assumes, is self evident. No natural law can be done away with. What can change, in changing historical circumstances, is the form in which these laws operate. And the form in which this proportional division of labour operates, in a state of society where the interconnection of social labor is manifested in the private exchange of the individual products of labour, is precisely the exchange value of these products.

"The science consists precisely in working out how the law of value operates. So that if one wanted at the very beginning to 'explain' all the phenomena which apparently contradict that law, one would have to give the science before the science. It is precisely Marx Ricardo's mistake that in his first chapter on value he takes as given all possible categories, which have still to be developed, in order to prove their conformity with the law of value.

"On the other hand, as you correctly assumed, the history of the theory certainly shows that the concept of the value relation has always been the same, whether more or less clear, hedged with illusions or scientifically precise. Since the thought process itself grows out of the conditions, is itself a natural process, thinking that really comprehends must always be the same, and can only vary gradually according to maturity of development, including that of the organ by which the thinking is done. Everything else is drivel."

Substantially the same fundamental connection with private property was made in the last thing Marx wrote - a letter to the bourgeois German economist

When these Marxist fathers spoke of statification of production they meant what is in the United States during the war, and Nazi Germany, etc. The state organizes and controls but private property remains.

In the Sixth World Congress, Bukharin goes into great detail against an Iranian comrade about the question of statification as Bukharin and Lenin spoke of it - the wedding of monopoly with the state machine - and he says it's theoretically possible that all capitalisms be concentrated in one, but you will then have an exploiting society which will not be capitalism. That will be the end and negation of capitalism. There will be crises but no capitalist crises.

I am opposed to the inexorable historical progression of society. Does that exclude mongrel developments? Mongrel developments which are more or less outside of the historical epochs. For example see the Oriental despotisms which existed during feudalism and the rise of capitalism.

We cannot and do not attempt to foretell the historical evolution of bureaucratic collectivism. We don't believe it has one. It has not shown that it can overcome vital capitalism. If it does so, we shall give an even more exhaustive analysis than we have done.

Doesn't everybody know that wherever Nazi Germany advanced, private property trusts were given to German cartels? But the Russians don't do this. Can't we speak of this as a historical aberration without giving up our revolutionary perspective?

Forset for thirty minutes:

In quoting from Volume III, Shachtman starts from the very first with the rate of profit. But he missed what Marx said that the rate of profit is the capitalist form of stating the declining rate of profit arising from the law of value. The same is true when he quotes Marx's letter.

The dominant force is the law of value. Don't confuse this with the phenomenal form it takes. Marx insisted on this. Marx keeps referring to private property, but that is the simple agitational way of stating it at one point of development. But Marx always insisted that you can't consider the form apart from the essence of the production relations. In his letter to Annenkov, Dec. 28, 1846, Marx, writing of Proudhon, says:

"Finally, the last category in M. Proudhon's system is constituted by property. In the real world, on the other hand, the division of labor and all M. Proudhon's other categories are social relations forming as a whole what is to-day known as property: outside these relations bourgeois property is nothing but a metaphysical or juristic illusion. The property of a different epoch, feudal property, develops in a series of entirely different social relations. M. Proudhon, by establishing property as an independent relation, commits more than a mistake in method: he clearly shows that he has not grasped the bond which holds together all forms of bourgeois production, that he has not understood the historic and transitory character of the forms of production in a particular epoch. M. Proudhon who does not regard our social institutions as an historical development, can only produce dogmatic criticism of them."



Who composes the capitalist class in Russia? I have showed in great detail that it is the 2% "classless intelligentsia" united in capitalism's disintegrating form.

Now to answer the questions. Those which are not answered today will be answered at our next session. All the underconsumptionists from Rosa Luxemburg to Keynes to Shachtman insist that all you need is a plan. Marx said that the proportion of planning, eight constant to one variable, is technical planning. But Marx said as this continues if the worker could live on air you cannot overcome the contradiction of this proportion. On the other hand you have the socialization of labor which drives the working class onto the scene as capitalism's grave-digger. The chase arises not from a plan or its lack but from the contradiction between constant and variable capital. Instead of discussing this you give school-boy definitions of private property. It is impossible to plan against the world market. That is why the workers' state was transitional and couldn't remain. That is why we are against the theory of socialism in one country. (Answer to Vaughn)

If there were concentration in the hands, world-wide, of a single capitalist, I don't think it would then be capitalism.

If you are preoccupied with private individual capitalists, I tell you we always speak of agents of capitalism not of capitalists because they express the movement of the law.

You cannot separate politics and economics as you insist in your questions on Bonapartism.

Shachtman speaks of mongrel formations but goes on to make it the basis of a world ~~historical~~ analysis.

What concrete mechanism brings about the declining rate of profit? Marx says it is the law of value.

Shachtman insists that state capitalism has never been seen and that real statification is only the combination of private property with state power behind it. In Eastern Europe I say it is more than two-thirds statified. What kind of state is that? Here is something threatening world capitalism yet you insist it is a mongrel form which has such enormous social importance.

I say my philosophy, economics and politics flow from the objective collapse of capitalism and the emergence of the working class as its disciplined grave diggers. If you want to play with a new society, Trotsky said realize the ramifications.

Shachtman for twenty minutes:

I insist on my schoolboy definitions of capitalism. I don't ignore the production relations but I insist that they exist on the three basic requirements. Demonstrate that these exist in Russia.

Is it a freak? asks Forest. Yes and no. But the answer cannot be demonstrated theoretically, only practically in struggle. If it overcomes capitalism it is not a freak. That remains to be seen. We have seen that it overcame it in Russia and that it challenges capitalism in the world. Whether it can overcome it cannot yet be said. One thing it proved is the incapacity of the working class to withstand bureaucratic collectivism.

The idea that if there is not capitalism then there must be socialism is a myth in the Marxist movement. But the scientists in the movement said when the question was raised that if the workers do not take power another development is possible. Bukharin said so. For one hundred years, while the proletariat was on the rise, the problem facing us did not arise. But we have twenty years of Stalinism. The problem exists and must be answered. Capitalism must inevitably collapse but it is not absolutely guaranteed that socialism will replace it. In order for this to occur, among other things, we must have a strong party.

We are mocked for speaking of a bastard society. But a bastard society implies at least one parent. You have the immaculate conception theory. Who were the parents of the Russian capitalist class? Out of what social roots did they come? We know where the capitalists in the United States or Siam or England came from. Where did they come from in Russia? You have created a new class - the state capitalist class. Did they arise from the Kulak or the Nepman? From what? How will this class perpetuate itself? Will it die with the last existing members of the bureaucracy in Russia? Every class perpetuates itself by natural laws. How, by what economic or natural law does it pass on its power in Russia?

Speaking of the division of profit, Marx says: "In a capitalist society, this surplus-value, or this surplus product (leaving aside accidental fluctuations in its distribution and considering only the regulating law of these fluctuations), is divided among the capitalists as a dividend in proportion to the percentage of the total social capital held by each. In this shape the surplus-value appears as the average profit, which in its turn is separated into profits of enterprise and interest, and which in this way may fall into the hands of different kinds of capitalists. This appropriation and distribution of the surplus-value, or surplus product, by the capital however, has its barrier in private ownership of land. Just as the active capitalist pumps surplus labor, and with it surplus-value and surplus