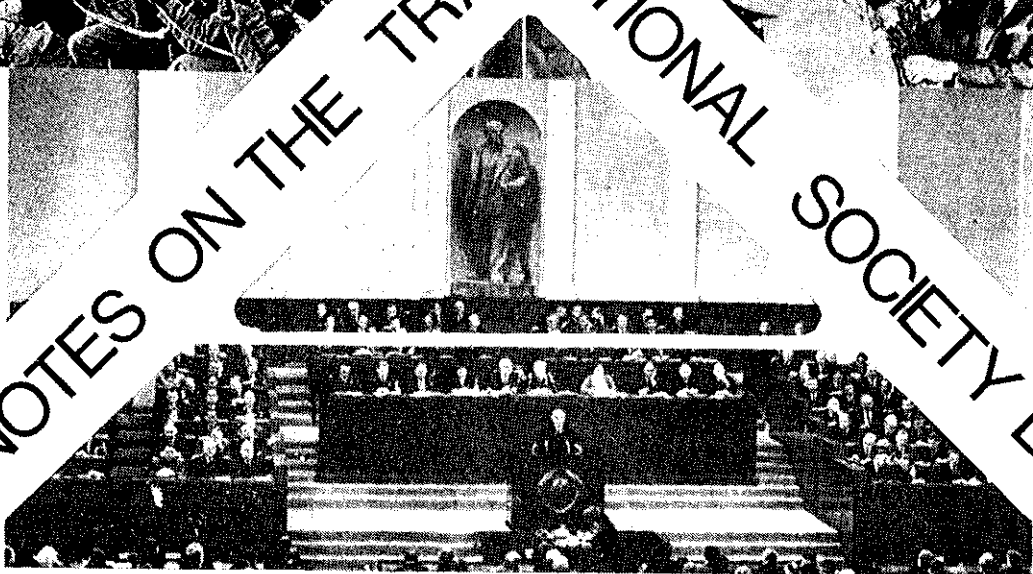
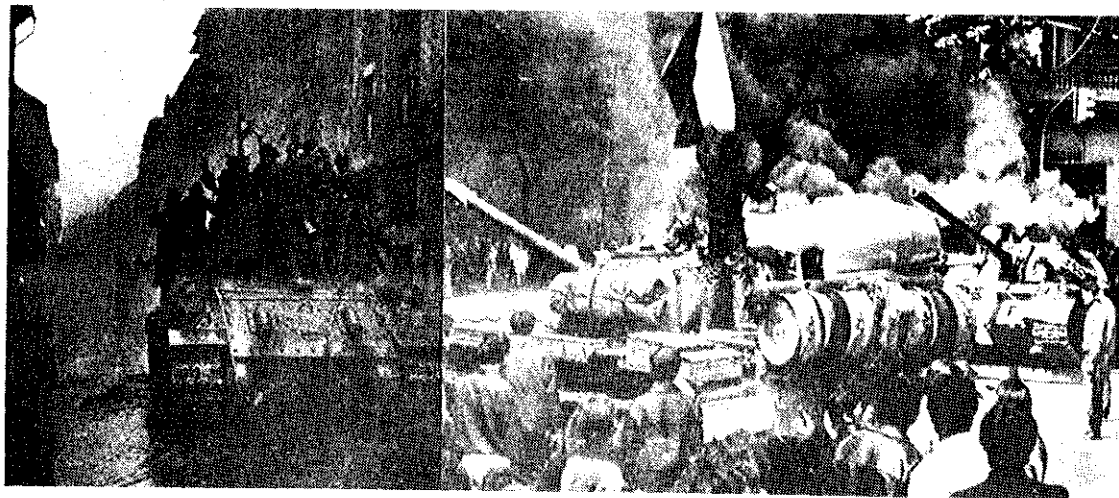




NOTES ON THE TRANSITIONAL SOCIETY BY



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1

IT IS OVER FIFTY YEARS SINCE THE FIRST successful proletarian revolution took place in Russia in 1917. Since that time there has appeared a whole number of post-capitalist states. Because of this there has now accumulated a large body of evidence of an empirical nature with which it is possible to suggest some tentative ideas towards a theory of transition.

Much of the evidence has, in many ways, been of a negative character because of deformations and distortions that have occurred within these states. (It is not my purpose here to pursue the political consequences or reasons for such deformations). However, such experiences do help us to grapple with the problems of transition.

The most general statement that can be made about the existing transitional economies is that they have begun from a much lower economic and cultural level than existing advanced capitalist societies in Western Europe and North America. (*) Apart from the real material problems posed for the particular states, there has arisen within the Marxist movement a number of erroneous views on the nature and functioning of such transitional societies. Moreover, we must always remember that we have yet to observe the victory of a socialist revolution in an advanced capitalist country. Therefore we must be wary about assuming the general validity of possible hypotheses which we postulate from the existing evidence.

From the period before World War 2 there were those who asserted that such societies were 'State Capitalist' or 'Bureaucratic collectivist'. Latterly there has arrived upon the political scene a new variant of such theories which asserts that the U.S.S.R. has **reverted** back to capitalism since 1945. The protagonists of such views are usually associated with various Maoist tendencies. These latter theorists usually base themselves on a rather low level of subjectivism. Some of them are unrepentant Stalinists or neo-Stalinists. However, it is not the purpose of these notes to examine such theories, rather they present a number of points which the present writer considers to be characteristic of transitional regimes.

2

Transitional regimes must be recognised as being merely **that**, i.e. transitional, neither capitalist nor socialist. Yet at the same time they contain elements of both within them, and like all such

phenomena have the reality and appearance of being contradictory. This aspect confuses many people. Seizing this or that aspect they elevate it to the level of a characterising dominant category for the whole society. Quite correctly, they often grasp the notion that bourgeois revolutions have, historically, been the **consummation** of a process. The process was one of the gradual growth of capitalist relations and modes of production within the womb of the preceding feudal society. Clearly most bourgeois revolutions consummated politically the de facto existing economic and social dominance of the bourgeoisie. Yet even after the political dominance was achieved many pre-capitalist formations and forms continued to exist within and alongside capitalism.

Such situations are usually fairly easily understood in relation to capitalism. The multi-form nature of bourgeois domination is accepted. The survival of the British monarchy, and aristocratic forms, are never used to cast doubt on the overwhelming capitalist nature of British society. Yet when it comes to attempting to apply Marxist categories and analysis to post-capitalist societies there is considerable confusion. It is possible that this arises from a confusion between the **act** of revolution and the revolutionary process, which is a continuous spectrum of events, before **and after** the revolution.

3

Further, apparent, problems arise because of a linear methodology being applied to proletarian revolutions and transitional societies. It is insufficient to think only in terms of relations of private property v. socialised productive forces. The historical process is dialectical, yet each epoch has its **own** history, and hence its own dialectic. Events which appear as moments in history have their **own** history, contradictions, and antagonisms. Moreover, although we can say that history is a history of class struggle, i.e. inter-class conflicts, we must also recognise that there are **intra-class** conflicts. The political overthrow of the bourgeoisie and its economic expropriation does not resolve all conflicts or contradictions within the resultant society **even when this has happened on a world scale**. The laws of uneven and combined development still continue to operate within a transitional society.

4

If the bourgeoisie had to contend with pre-capitalist formations after its victory, then the proletariat will have to contend with previous economic, social and political forms tenfold. The capitalist class enters upon its patrimony full of vigour and self-confidence because it has gathered the material means for its hegemony beforehand. The

working class is a repressed class, without rights, without means of continued accretions of material power right up to the moment of its victory. In the act of revolution it must seize the material power, the means of production. And therefore its hold on the instruments of power will be more tenuous. Consequently the proletariat needs to be **more** conscious, prepared by struggles, to resist any return to its previous alienated condition. Even the most advanced and educated working class must be conscious of the dangers of bureaucracy, and so develop means to combat it.

5

Let me now turn directly to the economic aspects of the problem. One's appraisal of these aspects will be dependent upon both objective and subjective factors. However, even these aspects cannot be wholly disentangled. A great deal of one's understanding of the nature of a transitional economy depends to a large extent upon how one views what is new and what remains from the previous capitalist economy. One of the crucial factors here is the question of the operation (or disappearance) of the law of value.

Preobrazhensky remarked "the law of value is the law of spontaneous equilibrium of commodity-capitalist society" However, it is necessary to emphasise — as he does — that this law is not an expression of the relationship between things, material objects, but rather a relationship between people. Whilst the law of value determines in the final analysis the relationship of prices for various commodities, it must never be forgotten that behind the various categories — value, price, surplus value etc. — are people whose social relationships are veiled and mystified by the intervention of these categories. In this sense the law of value is both an objective one and at the same time subjective. By this I mean that like **all** social 'laws' it is neither immutable nor seldom isolated in its purest form. It is the subjective actions of individuals that combine to make objective situations which the individual **seems** helpless to change.

6

The law of value has as its foundation the labour theory of value. Briefly stated, this postulates the exchange value of a commodity is determined by the average amount of socially necessary labour required to produce it. Each commodity has two types of value — use value which is determined by its utility, real or imaginary, this being a precondition for its arrival on the market; and exchange value which expresses the average amount of socially necessary labour. Exchange value, or value, is therefore abstract labour in the sense that all commodities have it, although they have been created by differing specific kinds of

labour

However, we must qualify what we mean by socially necessary labour. Those who assume that socially necessary labour time for the production of commodities is merely contingent upon technology and its application are guilty of a vulgarisation of the Marxist labour theory of value.

It is certainly true that the given state of technology plays some — no small — part in determining the amount of labour necessary to produce a commodity. However, it is contingent on **more** than this. Both the state of **class** forces, and the general character of the society, enter into the determination of what is socially necessary.

Baran and Sweezy showed that in the US automobile industry it has been estimated that the cost of model changes which adds **nothing** to the auto's utility averaged around 25% of the purchase price in the period of 1956-60. Furthermore, they estimated that auto model changes were costing around 2.5% of the Gross National Product of the USA in the same period. (2) The point here is that the labour embodied in such model changes **was** 'socially' necessary from the point of view of monopoly capitalist society. From the point of view of a rationally planned society much labour is totally unproductive, e.g. nuclear submarines equipped with missiles; but not from the point of view of the capitalist who makes a profit out of such products. Nor are they unproductive from the bourgeoisie's collective point of view since they help defend their appropriation of surplus value.

Similarly, the state of demand, i.e. market forces, also comes into play here. Whilst it may take X number of hours to produce an automobile, and with the given state of technology these X number of hours are the average socially necessary number required; if the market is unable to absorb all the autos produced it means that the **total** amount of labour time invested in auto production has been too much, and adjustments will have to be made accordingly. In the case of a competitive market the price of autos will have to be reduced so that they may be sold below their individual value.

Therefore, it is necessary to take into account more than technological factors in examining the working of the law of value. What is socially necessary is itself **socially determined**, and to forget this is to fall into an economist vulgarisation.

7

A transitional economy is both a synthesis and a negation of previous contradictions, because a proletarian state abolishes state-capitalism (i.e. those forms of property which are state owned but subordinated to the needs of monopoly capital) along with the expropriation of the bourgeoisie.

The nationalisations of industry which take place under a capitalist regime are **not** such as to weaken the bourgeoisie's rule, rather they serve to strengthen it. The nationalisations of a proletarian state may only **seem** to push these forms further, but their **content** is of a completely different order, because the nature of the state that undertakes them is a product of the changed class relationships.

In the latter circumstances the bourgeoisie is expropriated. Far from being a further stage in development — centralisation, concentration and socialisation of productive forces, i.e. one that has direct and palpable links with what went before — it represents a **sharp break**, a dialectical leap, not dialectical unity. The synthesis is one of economic, social and political forms that were antagonistic to capitalism; the negation is of capitalist state forms, and appropriation of surplus value by a tiny minority.

8

Value and real material wealth are antagonistic. All other things being equal an increase in productivity will lead to a decline in the value of the commodity produced. This antagonism in a transitional economy also rests upon the fact that so long as there is a struggle between the need to raise productivity (because of the **relative** shortage of material wealth) and the needs of the individual workers, there will have to be some means of **measuring** what each individual contributes to, and receives from, the common pool of social wealth. Only in a society of material abundance will it be unnecessary to ration what each individual takes from the common pool, and also use this rationing as a coercion to motivate work. Work in such a society of material abundance will have ceased to be **labour**.

9

Now, in a transitional society, initially the **individual** workers' position in relation to the means of production is nearer to capitalism than to socialism. This is an expression of the transitional nature of such a society, because there is a divergence between the worker's role as a worker and his role as a member of the class. Under capitalism these two roles converged, his role as a worker and of his class expressed his subordination to capital. Under a transitional regime he remains subordinated and alienated in his labour (the precise degree need not detain us here), but not as a member of the new ruling class.

It has been argued that under a transitional regime a worker does not sell his labour power to the collective and that the worker cannot put his own labour at his own service. But there is still an exchange of commodities, i.e. labour power

for consumption goods, and the exchange is still regulated on the basis of the law of value and labour theory of value, i.e. average socially necessary labour. This is not to say that the value of labour power and its **price** would be equal. Here one has to make the fundamental distinction between price and value. **Price measures** the exchange, whilst value **determines** the ratio of exchange. Under a normal capitalist system price more often than not deviates from value for individual commodities, but in total must reflect it as an average. In the period of transition, this law itself would be modified, and the extent to which it is will be determined by a whole number of variables.

10

To those who argue that in a transitional economy and the dictatorship of the proletariat "politics are in command" and therefore the level of real wages is determined politically, we must put forward a series of propositions that undermine their position.

Firstly we have to distinguish between the collective ownership of the means of production and the private ownership of labour power. Labour power is a unique commodity in this respect: it can **only** be privately owned by an individual, because it cannot be separated from the worker who supplies it. If labour power is no longer a commodity then it is **no longer labour power**. When the power to labour is no longer sold, the work expended in production ceases to be labour mediated and alienated, it becomes work in the full human sense by which means men and women identify themselves and their fellows as **human** beings; it becomes a **spontaneous** activity without coercion. **But** in a transitional society this coercion still exists for the **individual** worker. He must sell his labour **power** as a commodity, not his labour (or specifically work).

Because of the peculiar nature of labour power as a commodity it is precisely in the consumption goods sector (wage goods) that commodities remain in circulation longest after the overthrow of capitalism. And so long as this situation obtains the law of value will continue to operate. This is because of the private ownership of labour power, and because it is impossible for even the most efficient planning authority to plan private consumption to the nth degree. To abolish market relationships in this sphere it would be necessary either to impose an iron, rigid rationing (which in practice would break down) or to achieve abundance.

Now when I say that value would determine distribution in the consumer goods industries this itself pre-supposed the continued existence of commodities as a definite economic category, one

of which is labour power. However, the continued existence of commodities rests ultimately upon the continued relative scarcity of material wealth; and this relative scarcity is contingent upon the given level of the development of the means of production. For if we say, and accept that the level of real wages in a collectivised economy is politically determined, then we can **only** do so if we also accept that this political determination is itself conditional upon the level of the development of the productive forces.

These productive forces are of course more than a mere arithmetical summation of the physical means of production and means of consumption; they also include the level of consciousness of the working class and the tremendous **productive capacity** that is capable of being unleashed once the masses are wholeheartedly and democratically integrated into the running of the economy and the state.

But having said that, one must come back to the original point, i.e. is the level of real wages only a politically conditioned one? For me the answer can only be a **qualified** yes. This political decision — i.e. the conscious planning process — has to be taken within the parameters dictated by the given situation. For instance if it was decided in China that every household would have a television set next year, this would obviously be impossible to implement. The **present** level of productive forces are insufficient to carry out such a 'political' decision. I use the hypothetical (and rather absurd) example merely to indicate that one can as easily fall into a voluntaristic trap in economics as in politics, i.e. as Preobrazhensky said "reality proves stronger than consciousness"(3).

11

I believe that from the foregoing it is clear that I consider the law of value to be operative within a transitional economy. But is it the arbiter, as within a competitive capitalist economy? The answer is no. If the law of value had been the arbiter it is certain that the Soviet economy would not have progressed as far as it has done up to now. To suggest that its economy was controlled by the law of value is to imply that the **market** determined the order of priorities and the allocation of resources. There is no market in that economy for the means of production (Dept. I within a capitalist economy), since the state produces, allocates and utilises the goods directly. All this is planned before production, and not adjusted after the event by the market.

If the law of value was the arbiter it would have meant that **capital*** would have flowed into the most profitable sectors of the economy which, given the level of productive forces at the beginning of industrialisation, would have been the

consumer goods industries, agriculture and a general dependence on imports for heavy industrial goods.

This is not to say that the law of value can be ignored; it cannot. In a transitional society seeking the optimum growth rate the law of value has to be broken but in a conscious way, by the use of very careful accounting so that the working class is very much aware of the **transfer of value** from one sector of the economy to another. Of course the law of value exerts its pressure in any society that has not yet reached the stage of material abundance and still seeks to raise labour productivity. The most efficient weapons a transitional economy has in the conscious manipulation of the law of value are planning and its monopoly of foreign trade.

We can say, therefore, that there is a **constant** struggle between planning and the law of value. The highest expression of this struggle is the fight to increase the productivity of labour, because in the last analysis **all** economy is the economy of labour time. This struggle is not a static one, since capitalism itself is constantly revolutionising production and raising productivity.

12

Finally let me make one brief comment on the question of the market versus central planning. I do not consider this a correct way of posing the question. Certain Marxists have observed the waste, incompetence etc. associated with **bureaucratic** central planning and have now rushed to the other extreme and advocate the superiority of the "socialist market economy". In this they make an equally erroneous judgement. When we talk about the market, we are talking about **above all** the ability to pay as being the determining factor in the allocation of goods. This is anti-egalitarian and unsocialist, and we should be foolish to pretend otherwise. However this does not mean that the "market" should have no role in a transitional society. We are painfully aware of the human cost in Stalin's Russia of trying to eliminate it too rapidly, by fiat. This means that if society is to allow the "market" to operate, it must do so in a situation of **better, more democratic** planning. In the last analysis our fight for socialism is a fight against market relationships. In the transitional period we must harness the market so that it helps make itself superfluous.

* We must note the difference between capital in the Marxist sense, i.e. a quantity of value thrown into circulation to gather **surplus** value for private appropriation and means of production, which in this sense do not constitute capital in a transitional economy.