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"THE THEORY OF STATE CAPITALISM --

THE CLOCK WITHOUT A SPRING"

by Ken Tarbuck

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THE THEORY OF STATE CAPITALISM ---  
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The invasion of Czechoslovakia in August of 1968 by Soviet (and allied) troops brought forth a spate of slogans such as 'Russian Imperialism', and in general brought once more into question the nature of transitional societies. However, it is not only the invasion itself that raises this question, but also the events that led up to it. The undoubted upsurge that occurred in Czechoslovakia was to some extent or other communicated to most other East European countries. Moreover, the fact that there was undoubtedly a process of 'liberalisation' being unfolded, both politically and economically, indicates that simplistic and naive explanations will not suffice. Be that as it may, it certainly remains true that here in Britain there is a large body of opinion - mainly in the IS group - that holds to the theory that the Soviet Union and the other transitional societies are a form of state capitalism. One of the best known proponents of this theory is Tony Cliff. His book, "Russia - A Marxist Analysis", has been published in three different versions, the first one as an internal bulletin of the R.C.P. in 1947, the third in a revised and enlarged edition in 1964. To this extent his theories have played some part in shaping the ideas and attitudes of many socialists, therefore these theories must be accorded the importance they undoubtedly have.

Given the fact that I have had to deal with a book of nearly four hundred pages, it is clear that I have not been able to deal with every point raised. In this essay I have confined myself to dealing with only certain aspects and problems, those that I feel are relevant to an appreciation of Marxist political economy.

I

A great deal of one's understanding of the nature of a transitional economy depends to a large extent on one's knowledge of what is new and what remains from the previous capitalist economy. Because of this the question of the operation (or otherwise) of the law of value becomes of key importance.

Preobrazhensky says that "the law of value is the law of spontaneous equilibrium of commodity-capitalist society"(1). However, it is necessary to emphasize - 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 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.

The law of value has as its foundation the labour theory of value. Briefly stated, this postulates that 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.

Let us look at this question of socially necessary labour a little more closely. Those who assume that socially necessary labour time is merely contingent upon technology and its application are guilty of a vulgarisation of the Marxist labour theory of value (2). 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 class character of the society, along with the state of demand enter into the determination of what is socially necessary.

Baran and Sweezy show that in the U.S. automobile industry it has been estimated that the cost of model changes which add nothing to the auto's utility averaged around 25 per cent of the purchase price in the period 1956-60. Furthermore, they estimated that auto model changes were costing around 2.5 per cent of the Gross National Product of the U.S.A. in the same period (3). This is very interesting when one compares the British detergent industries sales costs, these also work out at 25 per cent of the purchase price. The point here is that in both instances the extra labour embodied in such sales efforts or 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 today is totally unproductive, e.g. Polaris submarines, but not from the point of view of the capitalist who makes a profit out of such products.\*

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 etc., 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 there will have to be adjustments made accordingly. In the case of a competitive market the price for the autos will have to be reduced so that they may be selling below their individual value.

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\* One of the problems associated with Baran and Sweezy's use of the concept of surplus is that it blurs the distinction between productive and unproductive labour in the sense that Marx used it. Marx used the term productive labour to denote that which produced surplus value; unproductive labour may be necessary, e.g. doctors, but does not produce surplus value. Unproductive labour, therefore, is paid out of surplus value. However, much unproductive labour under capitalism is not necessary from the point of view of a rational society.

Therefore, it is necessary to take into account more than technological factors in the labour theory of value. What is socially necessary is itself socially determined, and to forget this is to fall into an economic determinist vulgarisation.

## II

Well, how does the matter stand with Cliff? His introduction to this question is unexceptionable, if rather timid, since he uses his favourite method of doling out large quotations from the originator of the theory. However, as soon as he comes to apply the method he begins to demonstrate his unsureness. Cliff introduces the subject in his chapter on "The Economy of a Workers' State" with these words -

"Now, the law of value holds absolute sway only under conditions of free competition, i.e. when there is free movement of capital, commodities and labour power. Therefore, even the most elementary forms of monopolistic organisation already negate the law of value to a certain extent. Thus when the state regulates the allocation of capital and labour power, the price of commodities etc., it is most certainly a partial negation of capitalism...." (4).

To clinch the point Cliff brings in a quotation from Lenin -

"When capitalists work for defence, i.e. for the government treasury, it is obviously no more 'pure' capitalism, but a special form of national economy. Pure capitalism means commodity production. Commodity production means work for an unknown market...." (5).

The first point that has to be made here is on Cliff's use of the term free competition, one can only assume that he means perfect competition, i.e. a static equilibrium model. In this he betrays his faulty understanding, for the law of value operates without these conditions obtaining. Cliff, here is making the mistake of confusing prices and values, and the fact that under certain conditions prices deviate from values (in fact it is more normal for them to do so). But this is not to say that the law of value is not operating. Price is a measure of value, not its determinant. Marx explains this in numerous passages in his own works, but one example will suffice -

"If demand and supply balance one another, they cease to explain anything, they do not affect market-values, and therefore leave us even more in the dark than before concerning the reasons for the expression of market-values in just a certain sum of money and no other." (6).

Marx was pointing out that one must look further than the equilibrium of supply and demand to explain value, and that the operation of the law of value was not dependent upon perfect competition holding sway.

Cliff commits another error, an apparently semantic one but nevertheless important in constructing his case, when he talks about the "partial negation" of the law of value. How can there be a partial negation? Negation of something means its total opposite is achieved. The reason for this slip is evident when he goes on to talk about the "partial negation" of the law of value being a "partial negation of capitalism". The conditions which Cliff describes are modifications of capitalism, but the totality remains capitalist. Otherwise what are the parts that have been "partially negated"? Are they some sort of indeterminate social order as yet unknown to us? The introduction of monopoly certainly modifies capitalism, but it remains capitalist. Cliff was also unfortunate in his quotation from Lenin. If one reads it with a modicum of care one can see that Lenin did not speak about capitalism being negated, partially or otherwise, nor does he speak about the law of value being 'negated', he only speaks about capitalism being "no more pure", i.e. it is adulterated or modified. His reference to a form of national economy must be read in this light.

Now, the point I wish to establish here is that apparently harmless semantic foibles can become the basis of quite erroneous conclusions, because they lead to vague and confused thinking, as I shall try to establish later on in relation to the operation of the law of value in the Soviet economy. Moreover, one should also be very careful when one quotes from any source that such quotations do in fact bear out the argument, also the quotation from Lenin only asserts the proposition, it does not establish it. This is not proof, for Cliff it is merely hiding behind authority.

### III

However, let us return to the question of monopoly, since an understanding of it will assist in coming to grips with the main question. Now it is quite true that insofar as the monopolist has control of his market, the price charged for his goods can be determined subjectively to a considerable extent. But, there is a strict limit as to how far prices can be varied. Even taking the extreme (and highly theoretical) case of a complete monopoly for one commodity, the monopolist will not be able to control all consumer expenditure, he must compete for his share of the aggregate demand. Therefore to this extent he is subject to competition. Moreover, since the law of value is expressed in exchange (not competition as Cliff asserts) the monopolist is subject to it. Certainly the monopolist can accrue a larger share of surplus value proportionate to his capital than he would under conditions of perfect competition, but this will be at the expense of the non-monopolised sectors of the economy. Very often this surplus profit of the monopolist is garnered because of the productivity differential, which is brought about by economics of scale, of innovation, and new products.

Cliff moves towards his theory of state capitalism via his ideas on monopoly, and as usual backs himself up by serving up some quotations, this time from Hilferding, thus -

"...When the monopolist associations abolish competition, they remove with this the only means by which an objective price law can be realised. Price ceases to be an amount determined objectively, and becomes a problem of calculation for those who determined it with will and consciousness; instead of a result it becomes an assumption, instead of being objective, subjective....The realisation of the Marxist theory of concentration - monopolistic merger - seems to lead to the invalidation of the Marxian theory of value." (7)

"...Prices lose their regulating function and become merely a means of distribution. The economy, and with it the exponents of economic activity, are more or less subjected to the state, becoming its sub-ordinate." (8)

Whatever the merits of Hilferding, he is clearly in the wrong here. Whilst it is true that monopoly suppresses competition within its given sphere, it does so only to find it breaking out with greater ferocity at another level. Moreover, we can no longer speak so confidently about monopoly suppressing competition, we can more properly speak about the periodic suppressing of price competition. There are few, if any, complete monopolies, rather we have a number of oligopolies, i.e. two or three giant firms - monopolies in the Marxist usage of the term - dominating various national markets. Far from stopping competition, these giants vie for a bigger share of the given market. And as I mentioned earlier none of these monopolies are able to control total demand, since even the largest corporations in the world only constitute a small percentage of their respective national economies (9). Furthermore, Hilferding seems to be falling into the error of confusing the determinant of value and its measure, i.e. price is the measure, average socially necessary labour is the determinant. To use an analogy we use a ruler to measure a length of wood, but the ruler does not determine the amount to be divided. Therefore when Hilferding says that under monopoly prices lose their determining functions he is standing the process on its head. The monopolist can only determine his prices subjectively within a given range of variables, beyond these limits he is faced with certain market determined factors which are objective ones for him. It is certainly true that given a certain level of monopoly prices diverge from value for individual commodities, and therefore seem to be determined subjectively, but these divergences are merely distortions of value. The more the monopolised sector of the economy diverges from value in its prices in an upwards direction, the more prices will diverge from value in a downwards direction in the competitive sectors of the economy. It is impossible to extract more surplus value from the economy than is created within it.

It would seem that Hilferding, and Cliff, both make the same mistake of assuming that the law of value is expressed in competition, forgetting that the competitive - or free trade - era was a relatively short episode in the history of capitalism. In its old age it returns - at a much higher level - to many of the monopolis-

tic forms of its infancy.

#### IV

It is when Cliff comes to analyse the internal mechanism of a workers' state, i.e. a transitional economy, that his basic methodology is revealed. This methodology is undialectic, being a form of formal logic, one that admits to no unity of opposites or contradictory totalities. He says -

"State capitalism and a workers state are two stages in the transitional period from capitalism to socialism. State capitalism is the extreme opposite to socialism - they are diametrically opposed, and they are dialectically united with one another." (10)

This passage confuses stages, which by their nature are intermediaries, and phenomena that are opposites, and exposes the linear concepts underlying such thinking. Moreover, it confuses form and content. A workers' state is a synthesis of previous contradictions, because a workers' state abolishes state capitalism, (i.e. those property forms which are state owned but subordinated to the needs of monopoly capitalism), along with the expropriation of the bourgeoisie. The formal and judicial forms have deceived Cliff. When Cliff says that state capitalism and a workers' state are two stages in the transition to socialism he shows clearly that he is an economic determinist not a historical materialist. Looked at from Cliff's point of view, capitalism is 'only' a stage between feudalism and socialism! To talk of stages in this way betrays a fatalistic view of history, of inevitability in a very crude form.

Moreover, if state capitalism is a stage towards socialism how does he account for Bismarck's nationalisation of the German railways in the nineteenth century, or Wilson's nationalisation of steel? To play around with words by saying state capitalism and socialism are "diametrically opposed, and they are dialectically united" is to make nonsense of dialectics. That they are diametrically opposed is quite true, state capitalism (in the sense used above pushes the capitalist relationships to their extreme. The nationalisations that take place under a capitalist regime are not such as to weaken the bourgeoisie's rule, rather they serve to strengthen it. Politically under a social-democratic government they have served to impart illusions among the working class, economically they have enabled unprofitable industries to be taken over and put in order to serve the monopolies. The nationalisations of a workers' 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 an expression of a changed relationship of classes. In these circumstances the bourgeoisie is expropriated, its hands are wrenched from the levers of power. Far from being a stage in development, i.e. one that has direct and palpable links with what went before, it represents a sharp break, a dialectical leap, not dialectical unity.

This misunderstanding explains why for Cliff, and his followers, the nationalisations in Cuba, and, for example, in Egypt, seem to be of the same character. In both cases they arose out of a struggle with imperialism, yet the outcome expresses a very different relationship of class forces within the respective countries.

Cliff continues --

"...in a workers' state, wage labour ceases to be a commodity. The 'sale' of labour power is different from the sale of labour power under capitalism, because under a workers' state the workers as individuals do not sell their labour power but put it at their own service in the role of a collective" (11).

It is here that Cliff displays his inability to grasp the transitional nature of a workers' state. Value and material wealth are antagonistic because, all other things being equal, an increase in productivity will lead to a decline in the value of the commodity produced. This is because the average socially necessary labour required falls for each unit of production. This antagonism in a transitional society 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 commodities) 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 this common pool, and also use this rationing as a coercion to motivate labour. Work in such a society of material abundance will have ceased to be labour.

Now, in a workers' state, initially the individual worker's position in relation to the means of production is nearer to capitalism than to socialism. This is an expression of the transitional nature of the society because there is a divergence between the worker's role as a worker and his role as 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, but not as a member of the new ruling class.

It is nonsense to say that under a transitional regime a worker does not sell his labour power to the collective, and it is sophistry to say that they put it at "their own service". There is still an exchange of commodities, i.e. labour power for consumption goods, and it is still regulated on the basis of the law of value, i.e. average socially necessary labour. (For the sake of simplicity I ignore the question of social wages here). To use an analogy, do not trade union officials sell their labour power to their union, i.e. to the collective? Do not workers in a co-operative sell their labour power? How can any worker put his labour power at the service of the collective except by selling it for a quantifiable number of commodities. Until there is general abundance of goods value will determine distribution.

Cliff's confusion arises because he fails 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, because it cannot be separated from the worker who supplies it. Cliff further betrays his confusion when he says that in a workers' state labour power will cease to be a commodity but immediately follows this by saying the sale of labour power is different from under capitalism. If labour power is no longer a commodity it is no longer labour power. When the power to labour ceases to be sold, the labour expended in production ceases to be labour mediated and alienated, it becomes work by which means men identify themselves 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 still sell his labour power, not his labour and Cliff confuses these two categories.

During the transitional period it is in the consumption goods sector (wage-goods) that commodities remain in circulation longest after the overthrow of capitalism. This is because of the private ownership of labour power, and because it is impossible for even the most efficient planning authority to plan consumption to the nth degree. To abolish market relationships in this sphere it would be necessary either to impose iron rigid rationing (which in practice would break down) or to achieve abundance.

For Cliff the economy of a workers' state remains a closed book, he is unable to comprehend its transitional nature. His criteria for labour is essentially one that can only apply under socialism, a society of material abundance. In such a society it will be inappropriate to speak about labour power, because this along with all other commodities will have been replaced by use values.

## V

When Cliff searches for the law of value within the Soviet Union he is unable to find it. But he is left with a problem - 'if this is a form of capitalism, the law of value must operate, therefore where does it arise?' Quite correctly he rejects its operation within Department 1, the capital goods sector of the economy, since the state only uses prices here as an accounting device, there being no market for such goods inside the Soviet Union. Goods in this sector are allocated in a fairly precise way as to their use, therefore the prices 'charged' for them are an accounting device. Yet these prices are not, and cannot be, arbitrary (as Stalin found out), they must have some objective determinant of value. This determinant arises from the buying of labour power, this enables prices of production to be formed. Cliff rejects this conception, and also the operation of the law of value in the wage goods sector of the economy, he says -

"Hence if one examines the relations within the Russian economy, one is bound to conclude that the source of the law of value, as the motor and regulator of production, is

not to be found in it. In essence, the laws prevailing between the enterprise and the labourers and the employer-state would be no different if Russia were one big factory managed directly from one centre, and if all labourers received the goods they consumed directly in kind." (12)

There is a confusion here between the technical division of labour and the social division of labour that obtains in any capitalist factory - be it large or small. There is an important difference between the two types of division, one is dependent upon technology, the other upon the relationship of classes. For the working class under capitalism this difference is expressed by its condition of propertylessness, i.e. it does not own the means of production. This division is the fundamental one, not as Cliff implies the technical one.

There is also the astonishing claim that a social system can operate while one of its most fundamental laws of motion is excluded. One can only admire the audacity of such a claim. But, whatever else this society is, it cannot be capitalist without this law working internally.

How does Cliff resolve this? Since foreign trade is such a small proportion of the economic activity he is unable to use even this as a means of inserting the law of value into the Soviet economy. Therefore he comes up with the most bizarre idea - that of arms competition, that is that the arms race is the instrument of the law of value being inserted into the Soviet economy.\*

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\* Mike Kidron in International Socialism no. 32 attempts to get around this embarrassing solution put forward by Cliff by suggesting that the law of value exerts itself on the Soviet Union through foreign trade. But he is either very misinformed or is displaying studied ignorance when he tries to do this. He argues that the Soviet Union is dependent on the world market for certain essentials and thus subject to the law of value. But the percentage of the national income of the Soviet Union accounted for by foreign trade was only 3.9 per cent in 1964, and there seems to be little evidence that this has changed in the last few years. In 1940 the figure was as low as 0.7 per cent, so that there has hardly been a dramatic increase. From 1950 to 1964 the proportion of imports to national income increased by an annual average of less than 0.1 per cent. Some dependence! But this does not tell the whole story. Trade with the advanced capitalist countries was still only 19 per cent of the total foreign trade in 1963, and over a considerable period has remained constant at 0.7 per cent. Kidron argues that the Soviet Union is dependent upon the world market for certain "techniques, equipment, material...", yet conveniently forgets that for many years there has been an embargo on so-called strategic goods which could be sold to the Soviet Union by the Capitalist powers. One can appreciate his unwillingness to be saddled with Cliff's 'solution', but this really will not do either.

"Hence the commercial struggle has so far been of less importance than the military. Because international competition takes mainly a military form, the law of value expresses itself in its opposite, viz., a striving after use values." (13)

"The state does not offer another commodity in exchange for armaments. It pays for them out of taxes and loans levied on the whole economy. In other words, the burden of armaments is spread more or less over the whole economy...use values have become the aim of capitalist production." (14)

"The law of value is thus seen to be the arbiter of the Russian economic structure as it is seen in this historical situation of today - the anarchic world market." (15)

Error and confusion abound here. In the second quotation Cliff has made a detour into looking at capitalist arms production, and this should be kept in mind when reading what follows.

Firstly, the law of value is expressed through exchange, recall the two types of value a commodity must have - use value and exchange value. Use value is the particular form which an exchange value clothes itself in when it appears on the market, i.e. it must have some utility for the buyer, and none for the seller. The exchange value is an expression of the average socially necessary labour embodied within the particular commodity.

This exchange value is abstract or generalised labour. The only method we have of determining the relative exchange values of commodities is by exchanging them. For such an exchange to take place competition between buyers or sellers or both may be taking place, but it is not a vital part of the act. Cliff by substituting the word competition for exchange thinks he has resolved the dilemma, one of his own making. But if we were to take his criteria seriously we should end up by seeing the law of value expressed via competition at the Olympic Games! From being a scientific and objective tool of analysis, Cliff has reduced the law of value to the lowest subjectivism that borders on the mystical. To bring the subject back to the level of reality, one has only to point out that any workers' state in a situation where there is a threat of attack would need to produce arms. Would Cliff deny this need, in case they succumbed to the law of value? By trying to place the loci for the expression of the law of value outside of the economy of a transitional regime Cliff (and Kidron) by implication - following his logic - denies the possibility of any sort of workers' state being created on a stable basis so long as one capitalist country remains in existence. On Cliff's reasoning, just so long as any workers' state produced arms for defence it would be dominated by the law of value, and would in fact be a state capitalist regime.

Secondly, to argue that capitalism has replaced the profit motive with the aim of producing use values is also a flight of the imagination. It is true that the buyer in any exchange will be searching for a use value, a utility, but in any capitalist exchange

the seller will be seeking to realise surplus value, i.e. to make a profit. The state, when it buys arms, is in its capacity of buyer, seeking such a utility, but are we to believe that the sellers are only interested supplying these utilities? Is there not a profit to be made on such transactions? Ferranti? Moreover, the arms manufacturer is a buyer of labour power, and will seek to realise the surplus value extracted. Of course the economy as a whole pays for such arms, but who profits, and who makes up the majority of the 'economy' when it comes to paying taxes? Cliff, makes the error in this instance of seeing production as being determined by the market, by demand, forgetting that this inverts the Marxist method of viewing the position, i.e. demand is determined by production and investment.

Now, is the law of value the arbiter of the Soviet economy as Cliff asserts? The answer must be an emphatic 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 so up to now. To say that it was controlled by the law of value is to suggest that the market determined the order of priorities and the allocation of resources. There is no market in that economy in Department 1 (means of production), 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 the five year plans, would have been the consumer goods industries, agriculture, and a general dependence on imports for industrial goods.

This is not to say that the law of value can be ignored or forgotten, 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 pressures 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 workers' state has in the conscious manipulation of the law of value are planning and its monopoly of foreign trade.

Suppose that a workers' state needed to import certain machines, with which to start a new industry, from capitalist countries. For this it would need to have foreign currencies, therefore it would have to export goods to earn these. (I am ignoring the use of gold,

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\* Cliff does not seem to grasp the difference between capital and means of production. The two are not necessarily synonymous. Capital is that quantity of value put into circulation to gather surplus value for private appropriation. In this sense means of production in a workers' state does not constitute capital.

but the same scheme would apply). Now, assuming that the goods that it had available for export were such that it cost more to produce them than they would earn on the world market, such goods would have to be subsidised. This would mean that they would have to be sold below their value, but at world prices. This would be an indication that the productivity differential was markedly in favour of the advanced capitalist countries. However, for such goods to be exported at a subsidised price would mean that other goods within the workers' state economy would have to carry an extra burden of taxation to enable such a transfer to take place. Unless the state had a monopoly of foreign trade it is likely that cheap imports would come into the country and undercut the home produced goods bearing the extra taxation. It is by its monopoly of foreign trade and planning techniques that a transitional economy can manipulate the law of value. Internally this manipulation is carried out by the planning process, by the direction of investment into means of production which would have a low profitability but a high social priority. Therefore, although the law of value would exert its pressure, it would not be the arbiter. In a transitional society conscious planning and the law of value struggle for supremacy. If the society is to move towards socialism the market must be subordinated, but it cannot be eliminated until there is general material abundance.

Cliff signally fails to understand this process and its application to the Soviet Union. Far from being regulated by the law of value it was only by its manipulating it was able to overcome the historic backwardness that dominated pre-1917 Russia. The fact that this was done at great human cost should not blind us to this fact. Cliff sees that capitalism in its early life subjected the working class to brutal exploitation and equates the sacrifices imposed on the Soviet working class with this process. Had he understood the process of the industrial revolution here in Britain and then compared it with Soviet industrialisation he would have realised that the pattern of development was very different. This difference cannot be explained by the difference in time, it basically devolves on the social patterns imposed by different classes historically.

## VI

Cliff spends twenty-nine pages of his book discussing the "Law of Value and Crisis". In the process he takes us on a conducted tour of some of the literature of the subject. We are given snippets of Bukharin and Tugan-Baronovsky, and given an outline of the stagnation and expansionist theses for overcoming crisis. (Incidentally it is clear that Cliff is very much influenced by the idea that crisis = slump a la 1929). At each step we feel that perhaps we are getting nearer to Cliff's own theory of crisis in relation to the Soviet economy, but alas this is not to be the case. After twenty-nine pages of exposition he prefers to duck the issue so --

"Given the world situation today, it appears that the war economy 'solution' is the only expedient of the Russian

bureaucracy until such time as either socialism or barbarism will render a 'solution' to the contradictions inherent in capitalism -- orthodox or state-superfluous."

How anyone who chooses to describe a society as 'capitalist' can beg such a fundamental question is, to say the least, difficult to understand. How anyone who claims to put forward a coherent theory can duck out on this and still lay claim to credibility is also difficult to understand. Not once does Cliff attempt to suggest in what form the 'crisis' will take in the Soviet Union. By any of the normal Marxist criteria, unemployment, cyclical fluctuations, declining rate of profit, surplus capital, export of capital, the Soviet Union cannot be described as capitalist. After twenty years or so of the theory of state capitalism one would expect that the author could draw some -- even tentative -- conclusions. But this is not the case. Instead of an attempt to grapple with the problem, it is shrugged off by saying that history will solve this problem. Some theory.

Cliff's whole theory, so impressive at first sight, is on closer examination seen to be a set of eclectic ideas gummed together with yards of quotations. At heart this failure is one of a lack of understanding of dialectics, the dialectics of transitional societies. He is unable to view matters in anything but a black or white, formal logical view. Trotsky once remarked that Marxist theory without dialectics was like a clock without a spring, never was it more apt than in this case. Cliff's 'clock' has shown the same time for the last twenty years or more, it bears all the marks of the times of its birth. That was a time of retreat and isolation for revolutionary Marxists. The communist movement was, in the large majority, still in the icy grip of Stalinism, and imperialism seemed to be all - powerful. It was little wonder that the times produced such theories of despair. For make no mistake about it, this particular theory is fundamentally one of despair. Each victory for the international revolution has been seen as a victory for state capitalism! So preoccupied with victories for the 'bureaucracy', that the defeats of imperialism seemed to have been half-forgotten.

When Cliff first put forward his theory it was seen as an exceptional situation, the backwardness and isolation of the Soviet Union were the main factors in the development of 'state capitalism'. Yet since that time we have had the Chinese revolution, Cuba, Vietnam, only to find that the exception has become the rule according to Cliff. It must be a very gloomy world looking out of his window.

APPENDIXOn the Use of Statistics

One of the first things that strikes anyone who delves into Cliff's book is the large amount of factual material gathered there. One is presented with page after page of 'hard faced facts', who march forwards in solid array, until one is almost numbed by their quantity and scholarly annotations - almost, but not quite. On closer inspection their validity begins to be put into doubt.

On page thirty-three Cliff launches into a discussion of the subordination of consumption to accumulation. He says - "Under capitalism the consumption of the masses is subordinated to accumulation.", and emphasises this by stating that this is a "basic relationship". He then produces a set of figures to show that this subordination is prevelant in the Soviet Union.

Division of Gross Output into Means of Production and Means of Consumption

	1913	1927/28	1932	1937	1940	1950
Means of Production	44.3	32.8	53.3	57.8	61.0	68.8
Means of Consumption	55.7	67.2	46.7	42.2	39.0	31.2

There are a number of points on this one simple table. Firstly, gross output tells us very little. We need to know net figures for means of production, i.e. how much is new accumulation. Secondly, the 1913 figures disprove the point Cliff is making. According to his own definition, Russia in the year 1913 was not a capitalist country! Thirdly, there is no explanation as to what the categories being used mean. Are they value calculations, price calculations, or what? The reader is presented with a generalised statement, but given no terms which defines them. Marx used the two departments of production, means of production and means of consumption, in a highly abstract manner, here we have an attempt to use these abstract terms at a much lower level of abstraction and the result is confusion. This may impress those unused to such categories but it betrays bad methodology. Cliff's definition of capitalism and the subordination of consumption is so vague as to be meaningless. In any society all new accumulation that takes place is a curtailment of consumption, to the extent that it is not consumed. Moreover, no society can survive if it does not subordinate present consumption to ensure replacement of means of production used up in production. Every farmer who keeps back a portion of wheat to sow in the spring of the following year is subordinating his consumption. Cliff presents a supra-historical category under the guise of talking about capitalism and as such it is meaningless.

Still on the trail of subordinating consumption to accumulation Cliff gives us further figures.

"The quantity of cotton goods available (in the Soviet Union) for private consumption fell from 15.2 metres per capita in 1927/28 to less than 10 metres in 1940... One can see how low these figures are by glancing at the figures of output...in Britain in...1937 60 sq. ms. of cotton goods...were produced per capita." (16)

Cliff makes an astonishing mistake here. He compares unlikes, you cannot compare consumption with output unless you are dealing with closed economies in which all output is consumed internally. Cliff also forgot that even in the 1930's British cotton goods were exported, so that total production tells us nothing about consumption at home, it may have been lower than in the Soviet Union or higher, but you will not be able to determine this from Cliff's figures. Finally, he compares metres with square metres, which may be the same but we are not told.

A similar mistake is made when Cliff is dealing with housing.

"In the sixteen years between 1923 and 1939 there was an increase of only 106.6 million sq. metres in Russian towns whereas England and Wales in four years 1925-28 alone a total floor space of not less than 70 million sq. metres was built." (17)

Again we are asked to compare unlikes. Russian figure is presumably one that excludes rural and other non-urban housing, but on the other hand the figures for England and Wales are total figures which would include each areas. Also one has to take into account the fact that the Soviet rural population was not only absolutely but also relatively much larger than in England and Wales, therefore it would be necessary to include rural areas to obtain a true picture. Cliff goes on about housing -

"Some idea of what a living space of 4 sq. ms. means may be gained by considering that in Britain the minimum allowed in new buildings is from 550 to 950 sq. ft. per dwelling, or about 51-88 sq. ms."

But the 4 sq. ms. does not include kitchen, bathroom, hall etc., according to Cliff's own figures for the Soviet Union, so that when such items were added in they would be considerably more than 4 sq. ms. Of course even then such living accommodation would be poor by British standards, but why make it seem worse than it actually was by comparing two different standards? Cliff is comparing dwellings with a narrowly defined living space.

Other slipshod handling creeps in elsewhere, e.g. on p. 35 two indexes are used to make a comparison, but they have different base years, which makes them useless in determining the point at issue.

I have no doubt that the Soviet workers and peasants did make huge sacrifices during the first five year plans, and I do not

think there is much doubt that the standard of living did fall. That is not the point at issue here. What is, is that one should not try to bolster up a case by mis-handling statistics. The net result is that much of the evidence that Cliff presents must be suspect, his mistakes on quite simple sets of figures makes the other more complex tables highly suspect, but without access to the originals it would be difficult to determine how far he has used them correctly.

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#### REFERENCES

- (1) Preobrazensky, The New Economics, p. 147
- (2) see M. Kidron "Marx's Theory of Value" International Socialism No. 32
- (3) Baran and Sweezy, Monopoly Capital, chp. 5
- (4) T. Cliff, Russia - A Marxist Analysis, p. 111
- (5) quoted in the above, p. 111
- (6) Marx, Capital, Vol. III, p. 145
- (7) quoted by Cliff, p. 152
- (8) quoted by Cliff, p. 154
- (9) Monopoly Capital, p. 53
- (10) Cliff, p. 113
- (11) Cliff, p. 113
- (12) Cliff, p. 159
- (13) Cliff, p. 160
- (14) Cliff, p. 161
- (15) Cliff, p. 161
- (16) Cliff, p. 37
- (17) Cliff, p. 39
- (18) Cliff, p. 38