



The Theory of State
Capitalism
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The Theory of “State Capitalism”

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The prevailing ideas of what exists in Russia today are those of “state capitalism” and “Soviet imperialism.” These are the conceptions of the ruling bourgeois class which tries to attribute to the Soviet bureaucracy all of its own sins – without the saving grace of “democracy.” At the same time, they provide the principal pretext for petty bourgeois intellectuals not to “take sides” in the gigantic class struggle developing on a world scale – when and if these ideas

don’t serve the purpose of going over bag and baggage into the bourgeois camp. The theory of state capitalism is defended not only by the Social Democracy, whose theoreticians no one takes seriously, and by insignificant ultra-leftist groups, but also by the representatives of a new and victorious proletarian revolution – by the leaders of the

Yugoslav Communist Party, Milovan Djilas and Edward Kardelj. [1]

Djilas begins his analysis with the phenomenon of the *bureaucracy* within the dictatorship of the proletariat. “The tendency toward domination by the bureaucracy” is, according to him, one of the laws of the transition period (p. 65). He explains this idea only by saying that the bureaucratic tendencies “are strongest where the productive forces are least developed, and the state is obliged for a longer period to retain in its own hands the administration of the means of production ... and to play the role of mobilising the small producers and small owners” (p.67).

Two different questions are obviously mixed up here. The Marxist classics have always been of the, opinion – and Lenin assembled most of these opinions, in addition to giving his own, in **State and Revolution** – that a *bureaucratic tendency*, that *some kind of bureaucracy* would continue to exist on the morrow of the proletarian revolution. Such a bureaucracy, a natural heritage of the capitalist regime, would have to be *immediately* curbed by the introduction of laws for the election and recall of all functionaries, and the reduction of their salaries to that of the average worker. The “workers in arms,” as Lenin said, would reduce the bureaucrats to the role of “simple administrators.” The bureaucracy would disappear to the extent that the administrative functions come to be carried out by all the producers, each taking a turn. A tendency toward *domination* by a bureaucracy in the transition society was never foreseen either by Marx, or Engels, or Lenin.

Origin of Power of Soviet Bureaucracy

The problem obviously becomes more complicated by the practical experience of the USSR and of Yugoslavia itself, that is, of economically *backward workers' states* isolated in the midst of a hostile capitalist world. Here the question is posed not only of the *survival* of certain bureaucratic phenomena of capitalist origin, but also of the powerful development of a *new* bureaucracy whose material origins have to be determined.

As long as the level of development of the productive forces does not permit man's elementary needs to be satisfied, the "struggle for individual existence," as Engels said in **Anti-Dühring**, will continue to dominate everyday life. Because of this, individual consumption and socialist accumulation must enter into conflict with one another, while the tendency toward primitive accumulation reappears of necessity "within all the pores of the planned economy" (Trotsky). Under these conditions, it is inevitable *in the long run* that there should appear an *arbiter*, a *regulator* for the distribution of the insufficient rations in the person of the bureaucrat who settles the thousands of daily conflicts between the peasant and the workers, the producer and the administrator, the consumer and the distributor. This arbiter, having enormous powers concentrated in his hands, will tend to utilize them above all else – under conditions of general scarcity – in such a way as to assure himself of the better morsels. It is also inevitable that *in the long run*, a proletariat which represents numerically a restricted minority in society, and which is itself subject to the same tyranny of need, should lose control over these bureaucrats and in turn be controlled and dominated by them. It is impossible for a class which if

inadequately fed and clothed to engage continually over a period of years in political activity of the highest level – and it is only through such activity that the “armed workers” can permanently exercise control over the bureaucracy.

As early as 1845, Marx wrote in **The German Ideology** that a “great increase in the productive forces ... is an absolutely necessary practical prerequisite (for a socialist economy) for the very reason that, without it, naked want would become generalized, and as a consequence, the struggle for necessities and all the old ... crap would of necessity reappear.”

The Mensheviks based themselves on this truism, generally accepted by all Marxists, in accusing the Bolsheviks of *utopianism* when they wanted to conquer power in Russia in 1917. What did Lenin reply in his pamphlet **Will the Bolsheviks Keep Power?** The prime function of the Russian revolution is to unleash the proletarian revolution in the advanced countries of Western Europe. A fusing of the Russian revolution with the victorious revolution in these countries would supply Russia with the material base indispensable for the building of a socialist economy and for the maintenance and development of the workers’ state. Otherwise this state would succumb to internal and external capitalist forces. This was the *only perspective* envisaged by all the Bolsheviks in the period immediately preceding and following the October Revolution.

The end of the first postwar wave of revolutionary struggles in 1921 obliged the Bolshevik leaders to re-examine this question. Remaining isolated in the midst of a hostile capitalist world and not possessing the material prerequisites for the construction of a socialist economy, Soviet Russia was obliged to elaborate a new strategy in order to “hold on” longer in this unforeseen situation, until

the international revolution would come to her rescue. Lenin correctly turned to the NEP (the New Economic Policy) as the best means of attaining this end. But at the same time he saw clearly and with anxiety the daily growth of the bureaucracy within the country, a problem to which he devoted all the rest of his active life.

The growth of *bureaucracy* was inevitable under the given conditions. Was its *victory* also inevitable? To think so is to isolate the development of Russia from that of the rest of the world. There was a serious revolutionary crisis in Germany in 1923. There was the British general strike in 1926, opening up great revolutionary possibilities in that country. There was, above all, the great and immensely promising Chinese Revolution of 1925-27. The victory of a single one of these revolutions would have completely reversed the relationship of forces between the bureaucracy and the proletariat in the USSR. That is why the Trotskyist Left Opposition, which from 1923 to 1927 battled for leadership of the party and the country, fought not only on a platonic platform of "struggle against the bureaucracy," but from 1923 on proposed a series of *concrete* economic and political measures, and an international strategy which would give to the struggle against the bureaucracy a solid base, by permitting increasing political activity by the proletariat. The measures for planned industrialization, which the Left Opposition proposed in 1923, had the aim of, immediately raising the standard of living of the proletariat, without which it was vain to hope for a revival of a high level of political activity on the part of the masses exhausted by six years of sacrifices.

But under conditions of *prolonged isolation* of the Russian revolution, no political orientation of the leadership of the Russian CP could have prevented the victory of the bureaucracy *in the long run*. The question can be posed no

differently for Yugoslavia, nor for any other backward country where the proletarian revolution triumphs. The recognition of the bureaucratic danger by the party leadership is a great step forward and facilitates the struggle against this danger. But, in addition, the material source of this danger must be understood. No legal measures whatever can by themselves overcome this danger *in the long run*. [2] It can only be overcome by the international extension of the revolution to the advanced industrial countries. That is why, while greeting the progressive measures to combat bureaucratism taken by the Yugoslav Communist Party in 1950, we have emphasized from the first that only the international extension of the revolution can both economically and socially deliver the decisive blow against the bureaucracy. Economically, it would permit the elementary needs of society to be met and would thus eliminate the “struggle for individual existence” (unfortunately as predominant today in Yugoslavia as it is in Russia) which causes the “old crap ... to reappear.” Socially, it would transfer control over the functionaries to “workers in arms” of an advanced country, thus affording the proletarian forces which have been exhausted by years of sacrifices a breathing spell for a transition period, so as to enable them to resume their march forward with redoubled revolutionary energy. It is Utopian to think that ill-fed workers can effectively *direct* the economy *over a period of years* without first trying to ameliorate their own individual lot. Heroism is capable of great feats, but not uninterruptedly for decades.

From State Ownership to State Capitalism

Instead of examining such *real* problems as the material base of bureaucratic power, instead of analyzing *concretely* the history of the bureaucracy's rise to power, Djilas prefers to devote himself to a confused analysis of the "contradictory development of the dictatorship of the proletariat" which has no few surprises in store for us.

"The social difference between state capitalism and socialism at the outset ... is not solely a difference in the tendencies of their evolution (under socialism, toward the complete victory of communism and the withering away of the state; under capitalism, toward the maintenance of capitalist relations and the "eternalization" of the state). Neither is it a difference in their solicitude for the laboring masses, nor a difference resulting from the introduction of a different system of remuneration, of a socialist system; it resides in the very notion and essence of ownership. The first form of socialist ownership is, necessarily, in the beginning state ownership, and is accompanied by corresponding socialist relations (however insufficiently developed they may be). In reality, the whole problem can be reduced to that of the character of the state itself, the one bourgeois and the other proletarian; the first giving an impetus to the strengthening of the bureaucratic forces and state capitalism, the second advancing the importance of the role of the direct producers and the liquidation of the role of the state in the economy. Society as a whole must produce a surplus if it is to expand and go forward ... And who is it that appropriates and divides the surplus value under the state capitalist regime on the one hand and under the early phase of the socialist regime on the other, while the state still plays an autonomous role? In both cases it is the state. But here also there are essential differences resulting from preceding developments: state capitalism distributes this surplus value to the bureaucrats in large salaries and privileges, and utilizes it for the re-enforcement of various enterprises and of capitalism as a whole, while the

socialist state employs it to build socialism and to remunerate workers and employees in an equitable fashion ..." (pp.19-20).

It is hard to believe one's eyes! First it is claimed that the difference between state capitalism and the "first phase of socialism" *is not to be found solely* in their different evolutionary tendencies, and ten lines further on the whole problem is "reduced" to these very tendencies! First we are told that the difference between state capitalism and the transitional society *does not lie solely* in the difference in remuneration ("the difference in their solicitude for the workers") and twenty lines further on the whole question is explained precisely by this difference! The difference between capitalist and socialist accumulation is explained solely on the basis of privileges, winding up with the grandiose tautology that "state capitalism advances capitalism" while "the socialist state . . . builds socialism." In this way the circle is closed by *begging* the question. This kind of logic has been reserved until now for theologians to demonstrate the unity of God with the trinity. The sudden appearance of "state capitalism" within the dictatorship of the proletariat is no less deep a mystery than the Immaculate Conception.

While the "*saltos mortales*" of Djilas' thinking are unable to give a material base to the theory of state capitalism [3] his thinking nevertheless has a very solid "material base" of its own. Djilas not only has to prove that there *is* state capitalism in the USSR; he must also prove that there is *no* state capitalism in Yugoslavia. Unfortunately for him, the

Cominformist faction of the YCP had in fact defined the social nature of Yugoslavia as state capitalist and was answered – by Kidric in particular – with arguments of considerable value. (See Kidric’s report to the Fifth Congress of the YCP and his articles in No.2 of the theoretical review, **The Communist**, 1947.) That is why Djilas is obliged in the last analysis to bring the whole question back to the tendency toward the withering away of the state. [4] Also, this withering away of the state must in the first place *begin on the economic plane*. That is what permits him to base the difference between the social nature of the USSR and that of Yugoslavia exclusively on the law concerning the workers’ councils introduced in Yugoslavia in March, 1950.

The Withering Away of the State

For the state to wither away on the economic plane, the following is necessary:

1. “Such prerequisites ... already realized in most of the advanced capitalist countries, then the ‘training and discipline’ of millions of workers by the socialized apparatus (of production) ... With such *economic* prerequisites (Lenin’s emphasis) it is perfectly possible . . . after the overthrow of the capitalists and their functionaries, to replace them in the business of control of labor and products ... by the armed workers, the whole people in arms.” (**State and Revolution, Collected Works**, XXI, p.229.) These conditions were not present in the USSR either in 1917 or in 1927,

and are only today beginning to come into existence. They are far from present in Yugoslavia.

2. The disappearance of the tendency toward primitive accumulation. That is, a level of development of the productive forces where economic procedure *automatically* favors the stabilization of collective ownership and planning rather than their disorganization and anarchy. Such a degree of development has not yet been attained today in the USSR, not to speak of Yugoslavia, and will probably not be attained in any country without the victory of world socialism. “With us,” said Lenin, “the economic origin of bureaucratism ... is isolation, the dispersion of the small producers, their misery, lack of culture, the absence of roads, illiteracy, the absence of *exchange* between agriculture and industry, the lack of any liaison or any reciprocal action between them.” (*On the Taxes in Kind*, **Selected Works**, II, p.873, French Edition.) It is like this in Yugoslavia also, as in any backward country after the victory of the proletariat. This means that for a long time *after* the state begins to wither away in matters of repression, justice, education, etc., it will continue to exercise a directing role on the economic plane. Even today collective property and planning remain in the USSR only due to the coercion of the state. The present level of development of the productive forces in the USSR does not yet consolidate this economic base. On the

contrary, it still reproduces constantly tendencies toward individual enrichment.

The withering away of the state, in the true sense of the term, is only possible when there are no longer antagonistic classes in society. That, in turn, requires an end to the conflict between city and country. The contention of the Stalinist theoreticians that the antagonism between the working class and the peasantry has disappeared in the USSR is refuted by daily economic reality. In Yugoslavia this antagonism between the proletariat and the peasantry is all the more real because private property of the soil continues to exist. The beginning of the famine last year was marked by a recrudescence of unmitigated speculation and primitive accumulation on the part of peasant strata. Only the intervention of the state could to some extent protect the worker from this pressure by the greedy. The social character of this state is clearly revealed by this action, and every sincere revolutionist can only applaud the coercion which was required to combat the hoarders. But it was not exactly proof that the state is “withering away.”

Djilas quotes a long passage from **State and Revolution** in which Lenin affirms that the workers’ state is a state “which is already no longer a state” in the proper sense of the term. “Therefore the workers’ state begins to wither away immediately,” Djilas concludes. He would have done better to read more attentively the entire chapter on the question.

“Once the majority of the people *itself* suppresses its oppressors a ‘special force’ for suppression is no longer necessary. *In this sense the state begins to wither away.*” That is what Lenin wrote word for word.

In other words, the “withering away” of the state is effected not through its economic action but *through the*

replacement of the standing army and the organised police force, that is, of a corps of functionaries completely apart from the people. On this plane, however, the Yugoslav state is not withering away at all. On the contrary, Djilas is obliged to terminate his work devoted to the withering away of the state with a panegyric on the UDBA, the Yugoslav secret police, “a special force of suppression”, if ever there was one. We do not doubt at all that this UDBA has rendered numerous services in the struggle against the bourgeois counter-revolution and against the cominformists. Nevertheless, its existence, like the existence of the Cheka in Russia, is not a proof of the strength, but of the weakness of the revolution. It proves that under certain concrete historical conditions, where the proletariat is too small a fraction of the entire people, the exercise of the force of suppression by the “armed people” is still impossible, and that forces of suppression detached from the people are still necessary. Only petty-bourgeois moralists can find in this fact a “condemnation” of either the Russian or the Yugoslav revolutions. But all the same we have the right to say under these conditions: please, stop prating about the withering away of the state.

It is clear that in the economic sphere Djilas confounds the development of *socialist democracy* with the withering away of the state, while even his own quotation from Lenin recalls that democracy is *only a specific form of state*. The law on the workers’ councils signifies that the management of the factories is becoming “democratized.” Instead of being exercised by *appointed* functionaries, it is *beginning* to be exercised by elected workers’ delegates, even by workers elected in rotation. It is an important step forward which we heartily applaud. But these workers continue to exercise a *state function*. Without the regulating role of the state, socialist accumulation which as in any backward country, is

being achieved above all at the expense of the peasantry, would be unrealizable. And if the Yugoslav communists are *obliged* today by the joint pressure of imperialism and the peasantry to relax this regulating function of the state slightly, to lift partially restrictions on prices, to permit to a certain extent “the free play of economic laws,” this represents only a concession to the forces of an enemy class that is undoubtedly inevitable under the present conditions. It would have been more honest to have said so, as Lenin did at the time of the NEP, rather than to speak of the “withering away of the state on the economic plane.” [5]

The Yugoslav communist Zarko Stilinovic explains the origin of the recent “liberation of prices” as follows:

“These changes in foreign prices oblige us to make readjustments in our domestic prices. Actually, the prices of articles we import (cotton, linen, paper, for example) have risen much more than those we export (lead, leather, etc.). Experience has shown, on the other hand, that the planned uniform prices could not be maintained under the pressure of the private peasant proprietors, given our limited capacity for the production of industrial goods that are in great demand.”

Experience has shown, above all, that measures presented as the “withering away of the state on the economic plane” are really the result of the pressure of hostile class forces. Experience also shows, incidentally, that the theory of building “socialism in one country” is a petty bourgeois Utopia.

The Laws of Monopoly Capitalism in the USSR

As we have seen, Djilas is incapable of proving the existence of “state capitalism” in the USSR on the basis of his references to the Marxist theory of the state and of property. There remains one last contention to refute. It is a point of serious import, to be sure, but Djilas is no more capable of proving this point than the others. Namely, that in the USSR the “laws of capitalist monopoly ... are raging with all their brutality” (p.23).

The economic categories of “value, commodity, money, rent etc.” appear in “unforeseen” fashion in the USSR. Does this indicate that we are dealing with a capitalist economy there? These categories obtain in Soviet economy *just as they do in any transitional economy between capitalism and socialism*. These “categories” cannot be “abolished.” They wither away to the extent that, with the higher development of the productive forces, an economy comes into being, based exclusively on the production of use values to satisfy the needs of the people – an economy without social antagonisms. The “withering away” of these categories accompanies the withering away of classes and of the state. Is Djilas aware of the famous passage in Engels’ **Housing Question** which states that “after the working masses have taken possession of all the instruments of *labor* ... the suppression of land ownership does not imply the suppression of ground rent but its return to society, of course, in a modified form”? Does not the “struggle for absolute ground rent” in the USSR, to which Djilas refers (p. 26), take place also in Yugoslavia? What else does the compulsory delivery of agricultural products to the state signify?

It is true that Engels adds that ground rent would exist in the transitional society *in modified form*. The same holds true for all the other economic categories enumerated by Djilas. The law of value also applies in the USSR, but not in its capitalist form. Under capitalism commodities are not exchanged in proportion to the “labor time socially necessary to produce them,” but rather in proportion to the fraction of the total social capital put into motion at the time of their production. (Law of the equal distribution of the rate of profit.) In the USSR the operation of the law of value, far from being regulated by profit; is modified by the *conscious pressure of the plan*. Money, which under capitalism is a means of exchange as well as the measure of value and potential capital – that is, a means of obtaining a revenue called interest – has lost this last function to a large extent in the USSR. Prices, which under capitalism fluctuate around value in accordance with the blind laws of the market, in Soviet economy become the principal instrument for accumulation, without thereby losing their deep roots in the law of value.

Capitalist economy is an economy based on *profit*. Profit seeking is the sole motive force in all economic life. The accumulation of capital is regulated by the laws flowing from this search for profit. *The law of the falling rate of profit* is the law of development par excellence in capitalist economy. That is the fundamental law which determines the transformation of the economy of free competition into that of monopoly capitalism. This law explains the movement of capital in all capitalist countries toward those sectors where a formidable mass of accumulated capital does not bear down with all its weight upon the rate of profit. This law explains why, in Nazi Germany as well as in the USA, the development of the steel industry during the last war was

much lower than the average overall development of industry, in spite of the pressing needs of war industry.

In the USSR, this characteristic law of monopoly capitalism does not operate at all. The accumulation of capital, regulated by the plan, does not flow from the basic sectors to the peripheral sectors as in *all capitalist countries today*. [6] On the contrary, it moves from the peripheral sectors to the basic sectors. The rate of development of heavy industry remains greater and shows no tendency whatever to diminish.

Because monopoly capitalism is an economy ruled by profit, it has been characterized for several decades by failure to apply thousands of inventions and technical improvements, which would risk devaluating enormous masses of capital in various monopolized sectors. This law has operated without limits in Nazi Germany as well as in the USA, in spite of the needs of the armament industry. [7] Can Djilas give us a single example of this in the Soviet economy?

The export of capital of the imperialist epoch is the direct consequence of the decline in the rate of profit in the industrialized metropolitan countries. We see immediately how absurd it would be to speak of such a phenomenon in connection with the economy of the USSR which is not ruled by profit at all. In fact, the only example of the “export of capital” which Djilas can find in the USSR is an example of doubtful character, as he himself indicates (p.52): the seizure of German and Japanese property in the former enemy countries of the USSR (Hungary, Rumania, Bulgaria, the occupation zone in Austria, Manchuria when it was occupied immediately following the war) and the seizure of numerous factories and transport material in Eastern Germany. In reality, the reproach which Popovich justly addressed to the Soviet bureaucracy in his pamphlet on

“Economic Relations Between Socialist States” was not at all that the USSR “exports capital” to the buffer countries, but, on the contrary, that it does *not!* These countries, lacking industrial and agricultural equipment, would be very glad to receive it from the USSR. If they complain, it is because instead of “exporting capital” to them, the Soviet bureaucracy plunders their industrial equipment.

To all these arguments proving that *not one* of the laws of development of monopoly capitalism is applicable to the USSR, the reply is sometimes made that the USSR represents a “capitalist” country of a special type in the world today: it is a country which is still in its period of “primitive accumulation,” which is “under-capitalized,” so to speak, while the other imperialist countries suffer from a plethora of capital. This reply is based on a vulgar confusion between the *physical mass* of capital and its *value*; between use values and exchange values. The “overcapitalization” of the USA does not at all rest on the fact that there are too many machines, automobiles, and other goods, from the point of view of the *physical* possibilities of consumption in the USA. On the contrary, even today millions of Americans have an income lower than the most modest subsistence standards. The “plethora of capital” signifies solely that from the *point of view of investments bringing an average rate of profit*, this capital is superfluous and seeks a profitable outlet elsewhere. If tomorrow the USSR became a capitalist country integrated as a regular part of world capitalist economy, with its productive forces developed to the present level, the so-called “under-capitalization” of the USSR *on the plane of use values* (physical shortage of machinery, raw materials, finished products per capita) would not in the least hinder Russian capital from inundating China, where a higher rate of profit could be obtained than that realizable in Russia itself.

In reality, the very possibility of building the formidable industrial power acquired by the USSR in 25 years, *unhampered by the pressure of accumulated capital on the capitalist world market*, demonstrates that we are not dealing with a capitalist economy. No capitalist economy could free itself from the pressure of this capital. The monopoly of foreign trade, unrealizable in any capitalist country, is one of the principal conquests of the October Revolution still remaining today. Under its protection planning can develop and the USSR is protected from the laws of development of monopoly capitalism which operate on the world market.

Because capitalist economy is an economy for profit, the contradictions inherent in capitalism – particularly the *inevitable disproportion* between the different sectors of production – periodically provoke abrupt interruptions’ in the *realisation* of this profit which is the *raison d’être* of capitalism. The movement of capitalist economy this acquires the spasmodic and cyclic character which is peculiar to it, swinging abruptly from periods of stagnation and crisis to periods of growth and upswing. This movement, peculiar to capitalism, is valid *for the entire world market*, for all capitalist countries. Not one of these countries could escape the effects of the great crisis of 1929-33. The crisis of 1937-38 was felt by every capitalist country, including Nazi Germany. The “recession” in American economy in 1949-50 provoked analogous movements of varying intensity in all capitalist countries.

By contrast, the Soviet economy did not follow this cyclical curve of world capitalist production at all. As though by chance, precisely the periods of world capitalist crisis have been periods of the most remarkable upswing for the USSR. It is not a question of looking for “concealed unemployment” in the USSR as Djilas does (p. 28). What

matters is this: is the Soviet economy subject to the cyclical movement of capitalism that is determined by the fluctuations in the average rate of profit. [8]

In the USSR we have thus a most peculiar “capitalist” economy: it is not an economy for profit; it is not an economy integrated in the world capitalist market; it is not an economy which is subject to the cyclical movement of capital; it is not an economy governed by any of the laws of capitalist development. And in addition, it is an economy *without a capitalist class*; on the contrary, it is an economy born out of the violent destruction of this class and of the peasant layers of society who showed a tendency to want to become capitalists. Indeed, very little remains to justify the designation of this economy as “capitalist.”

There remain the enormous differences in remuneration between the workers and the bureaucrats. But these differences *in the sphere of distribution* do not at all justify the designation of the production as capitalist. There remains also the foreign policy of plundering the buffer countries and the counter-revolutionary attacks against proletarian Yugoslavia. But plunder and counter-revolutionary politics do not suffice to demonstrate the “brutal harshness of laws of monopoly capitalism.” Doesn’t it prove however, that the USSR is not a socialist country? No one but the Stalinist theoreticians and agitators have claimed that – and they only half believe it themselves.

Real Contradictions in the Economy of the USSR

In his vain search for “capitalist contradictions” in Soviet society, Djilas overlooks the real contradictions

in the economy of the USSR. Because of this, he is incapable of putting his finger on the real crimes of the bureaucracy. Like any society in transition between capitalism and socialism, Russian society “must necessarily unite in itself certain traits and peculiarities of both these forms of the social economy” (Lenin, *Economy and Politics in the Epoch of the Dictatorship of the Proletariat*, **Selected Works**, French Edition, p.634). Within it, as Lenin said, the forces of capitalism and of socialism are engaged in a constant struggle for supremacy. From Lenin’s time up until the forced collectivization of agriculture, this struggle between *two fundamentally antagonistic modes of production* continued to exist in its essentials: small scale production for the market by millions of small peasant enterprises, and production by large industries which were collectivized property. This struggle has today been decided in favor of the non-capitalist mode of production. This doesn’t at all mean, however, that no vestige of capitalism remains in the USSR. Quite the contrary. The struggle has simply been transferred to another plane, that of distribution. The bureaucracy defends its privileges on the plane of distribution with remarkable ferocity against the proletariat. These privileges, the historic origins of which we have described above, give a bourgeois, *capitalist* character to the norms of Soviet distribution. There is nothing astonishing in this. It was foreseen by none other than

Marx himself, in the well-known section of his **Critique of the Gotha Program**, and by Engels, in a more general form, when he wrote in **Anti-Dühring**:

“Each new mode of production or form of exchange is in the beginning fettered not only by the old forms and the political institutions corresponding to them, but also by the *old mode of distribution*. It is obliged to engage in a long struggle to obtain the mode of distribution corresponding to it.”

What is new, what was unforeseen by our teachers, is that these “norms of bourgeois distribution” do not tend to disappear with such a prodigious development of the productive forces like that in the USSR, but, on the contrary, are constantly strengthened, continually accentuating the *social inequality*. This comes from the fact that the state protects and develops the privileges of the bureaucracy, which exercises political power on the basis of the given non-capitalist mode of production (collective ownership of the means of production, planning, monopoly of foreign trade, etc.). Because of this, what should have been a normal evolution, proceeding undeviatingly in the direction of socialism, became a contradictory evolution. The productive forces demand more and more equality, democratic administration, the adaptation of the plan to the needs of the masses. The bureaucratic administration blocking this need is the chief brake on the road of socialist development. This brake must be eliminated by a *political* revolution. Political and not social, because it will change neither the mode of production nor the property relations, but, on the

contrary, will assure, for the first time, their full expansion.

In protecting its enormous privileges, the bureaucracy does not confine its reprehensible activity to the plane of distribution alone. The superannuated, retrograde “norms of distribution” react in their turn upon production and introduce a multiplicity of *disorganizing elements* which continually tend to disrupt planning. In order to defend its monstrous privileges, the bureaucracy is obliged to exclude the proletariat from all participation in the administration of enterprises and to introduce a regime of terror and spying. Thus the only effective control, control by the masses, is eliminated from planning. In order to combat the irresponsibility of the individual bureaucrat, the bureaucracy is obliged to return to the control of a pure and simple, strict business accounting. [9]

But this system of accounting inevitably introduces into the Soviet economy contractual and bilateral relations between trusts, the tendency to give birth again to a market for the means of production, and the development of

parallel markets in order to realize targets of the plan recklessly set up by the planners. At the same time, in reaction to the very low real income, this gives rise to thieving among the lower ranks of the bureaucracy, to the flight and migration of the workers, as well as to waste on a vast scale. This is the result of their whole pernicious *economic* activity. This is the only effective criticism of the bureaucracy. For it attributes to the bureaucracy neither the Dniepostroi, nor the mechanization of agriculture, but only the fraud, irresponsibility and violence, odious because useless and disruptive of the march toward socialism.

Djilas (p.1) does not see what difference there is “in so far as the amount and the nature of the appropriated surplus

value is concerned, between the general director of a capitalist trust on the one hand and the formal owners on the other.” “Ordinarily there isn’t any,” he says, “and when there is, it is occasionally to the detriment of the formal owners.” But it is necessary to know what is meant by “formal owners.” It is true that hundreds of thousands of small shareholders possess infinitely less power and income than the directors of the giant trusts. But the few large shareholders who control these trusts can, by means of the bulk of the stocks in their possession, rid themselves of the directors whenever it suits their purpose. And this happens very often. It is not due to any whim that directors of big capitalist enterprises aspire to nothing more than to become in their turn shareholders and co-owners. Only ownership can *stabilise* their position. The position of the individual Soviet bureaucrat is no more stable than that of his colleague, the American director. He can lose his privileges, which are tied up solely with his function, for the smallest inattention, and join the thousands of Soviet “directors” who fill the work camps in Siberia. That is why he seeks by every possible means to make his privileges secure for himself and his family. That requires the power to dispose freely of the means of production beyond the bounds of what appears to him more and more as *the tyranny of the plan*. Because the state is opposed to this tendency and remains for this reason a workers’ state despite its monstrous bureaucratic deformations, there has not been up to the present a reestablishment of private property in the means of production. Yet that is what each individual bureaucrat, by the very *logic* of his position, desires and strives for. [10]

The *form* of the surplus produced by every society and the *form* of its appropriation are determined by its production relations. This profound thought which Marx merely touches upon in the third volume of *Capital*, at the close of

the difficult analysis of land rent, is seized upon by Djilas (p.20). He has no idea of its import. It destroys his theory of state capitalism from top to bottom. For what is the *form of appropriation* specific to capitalism? Does this *form* still exist in the Soviet Union? Under capitalism, the surplus social product is appropriated by the owning class *in the form of money* following the sale of merchandise. In the USSR the surplus product is appropriated by the state *in the form of merchandise* through the realization of the plan; the *financial* bankruptcy of enterprises (which sometimes takes place in the USSR) has no effect either on this appropriation, or on accumulation.

But Djilas should have read to the end of the passage from **Capital** from which he quotes only the beginning. The rest of this passage really makes it possible to understand more clearly that the monstrous degeneration of the workers' state does not at all signify a qualitative change in its internal social structure. Marx writes as follows:

“It is always the direct relation of the owners of the conditions of production to the direct producers which reveals the innermost secret, the hidden foundation of the entire social construction, and with it of the political form of the relations between sovereignty and dependence, in short, of the corresponding form of the state. The *form* of this relationship between rulers and ruled naturally corresponds always with a definite stage in the development of the methods of labor and of its productive social power. This does not prevent *the same economic basis* from showing *infinite variations and gradations in its appearance* even though its principal conditions are everywhere the same. This is due to innumerable outside circumstances, natural environment, race peculiarities, outside historical influences, and so forth, all of which must be ascertained by careful analysis.” (**Capital**, Vol. III, p.919. Kerr edition. Our emphasis.)

These sentences illuminate the problem as though they had been especially written to apply to the “Russian question.” The Russian economy is no longer capitalist, for it is no longer the proletariat and the private owners of the means of production who find themselves face to face. The *new form* of the relationship between production and accumulation (appropriation of the surplus product) corresponds to a *new stage* in the development of the productive forces, the stage of transition between capitalism and socialism. This main economic base, in view of the interaction of *outside historical influences* (isolation of the Russian Revolution) as well as the *natural environment* (backwardness of old Russia), appears in one of the truly “infinite” gradations of what the transition society may look like, along with others such as those, for instance, that could arise in the United States or Great Britain, or even that variety which we saw in Russia itself the day after the revolution. But it always remains the same economic base *as far as the principal conditions are concerned*, as long as the relations of production characterizing that society have not been overthrown.

The “New” Tendencies of Capitalism

Every theory has its own logic. Obligated to render his theory of state capitalism coherent by applying it to

world capitalism, Djilas is led into distorting the tendencies of capitalist development after falsifying those of the USSR.

In order to show that there is something “new” in present-day capitalism as compared with the imperialism Lenin described in his key work, Djilas starts out with an unproven premise in plain contradiction to the facts: “The transfer of the administration of the economy from the hands of the hands of the individual capitalist and the legal and formal owner into the hands of functionaries ... The aggressive and enterprising spirit leaves the capitalists and passes over to the stimulated functionaries, in whom ... becomes incarnated capital, or rather, the struggle for the realization of surplus value.” (p.17) In his eyes it is because of this that “the measures of state capitalism have taken on enormous proportions” in the capitalist countries.

The reality – at least in typically capitalist countries like the USA, Germany, Great Britain, Japan, France and Italy – is altogether different. The whole history of capitalist ownership is indeed the history of the destruction of property in favor of an ever narrower circle of the bourgeois class. This is the very essence of the underlying tendency of capitalism – that of the concentration and centralization of capital. But the dialectical character of this tendency consists in this: that the destruction of the private property of thousands of small and middle capitalists takes place for the benefit of the *private property of the monopolists*. The bourgeois nationalizations, such as those that have taken place in Great Britain, France, Germany, etc., do not by any means show a tendency to destroy the private property of the *monopolists*. On the contrary, they tend to *strengthen* it by the elimination of unprofitable sectors, etc. That is why Djilas’ contention (p.24) that the monopolies under

capitalism “have also shown a very powerful ... tendency to *liquidate* private property” as such, is so false.

Precisely for the very reason that *monopoly capitalism* is based on the *private* property of the monopolists, there is *no tendency whatever* in capitalism toward a *single* and *absolute* monopoly. On the contrary. As Lenin always emphasized, “it is just this connection of two contradictory principles, *competition and monopoly*, which characterizes imperialism, and it is just that which prepares its bankruptcy.” (**Complete Works XX**, French edition, p.347.) The whole history of monopolies in the United States as elsewhere is at the same time the history of the suppression of competition, and of its reproduction on the plane of the monopolies themselves as well as within the spheres crushed by them.

Djilas has read Bettelheim. [10a] But from this work he has retained nothing other than the not very convincing statistics on “the growth of the number of functionaries from 19.1% in 1925 ... to 20.4% in 1939” and the creation

of the Hermann-Goering-Werke! Nothing on the return to private ownership of numerous capitalist enterprises by the Nazis, after the state had helped them to their feet again with public funds! Nothing on the measures of compulsory cartelization under the protection of the state! Nothing on the fact that the “directors of the economy,” invested with governmental powers under the Nazis, were the most powerful monopolists in each industrial sector! It is sad to see how an erroneous theory makes one incapable even of reading a book objectively.

“When the state intervenes more and more in the capitalist economy, it does so in order to *strengthen* the position, the powers, the profits and property of the monopoly capitalists. In the USSR the state represents a

“single economic monopoly” not by *stabilising* or augmenting the position, power, property and profits of monopoly capitalists, but only after having *destroyed* them. In the capitalist countries, the monopolists as a class, have brought the state under their domination to a degree never before known in the past. They have themselves become the state, with the growing personal union between the state officials, the generals and the big capitalists. [11] In the USSR the state has destroyed the monopolists as a class; it represents an exact dialectical negation of the contemporary capitalist state.

Proceeding from his erroneous premise, Djilas then arrives at some of his “new” ideas about contemporary capitalism. “The outright gifts” offered by the USA to the less developed capitalist countries appears to him a “new form” of capitalist expansion (pp.43-45). According to him, “the (American) monopolies are hostile to this kind of business” (p.45) but hope at the end of the process to *recover* their super-profits. The idea that the monopolies are undergoing a decline in profits is also implicit in the remark (p. 18) that the monopolists are sincere in their outcries against the “socialist” fiscal measures of the American and British governments which deprive them of up to 90% of their incomes! But since the Second World War, the net profits of American corporations *after taxes* have reached a peak never known in the past. This kind of “socialism” is evidently cherished by the monopolists!

Is it necessary to remind Djilas that Kardelj, in his report on the international situation at the Fifth Congress of the Yugoslav Communist Party, very accurately characterized these “outright gifts” as *financing the exports of American industry and agriculture by the American taxpayer?* (*The Fifth Congress of the YCP, Le Livre Yugoslav*, Paris, 1949, pp.314-15.)

What is “new” in all this? When the state buys the surplus agricultural stocks in the granaries, when it gives huge orders for “public works” to factories threatened with closing, or when it places armaments orders, it is always a matter of one and the same function of the state in the epoch of capitalist decline. Namely, *that of guaranteeing the continuation of capitalist private profit at the expense of the whole nation!* But, of course, Djilas cannot mention this *genuinely* “new tendency” because it doesn’t exactly confirm his theory on the similarity between the USSR and the “state capitalist tendencies” of Western countries!

Is it necessary to remind Djilas, furthermore, that there is no difference for a business man between an “outright gift” and an unpaid “loan” on which interest is not drawn? In this sense, the USA already “gave outright” some billions of dollars to Great Britain, France, Belgium and Italy during and after the First World War. Moreover, as Kardelj correctly told the Fifth Congress of the YCP, American imperialism utilizes these “outright gifts” at the same time to obtain a right to oversee and practically a right to control the whole economy, the investment and foreign trade policy, as well as the colonial domain, of the countries so “generously aided.” Can Djilas dare to deny these facts, known to all, and of which the European bourgeois have so openly complained? Why do these genuinely *new facts* abruptly disappear from Djilas’ analysis?

Passing over the many contradictions contained in Djilas’ other comments on the evolution of capitalism, we come to his most important conclusion. American imperialism can permit itself to seek the road of peaceful penetration in the colonies and capitals of its competitors merely by the sheer weight of its cheap goods in free competition (p.53). The relations between the metropolis and the colonies, moreover, “become democratized” in the bourgeois sense of

the term (p.50). As against this development, progressive on the whole, there is the USSR, which “is in no condition to withstand normal capitalist competition,” and is for this reason obliged to utilize the “old” methods of conquest and of colonialism “by means of arms.” (p.53)

Isn't all this monstrous? Only a year ago, on the eve of the Korean War, the leaders of the YCP and their press declared thousands of times that the revolutionary struggle of the colonial peoples, their *armed insurrections* and wars of national liberation, represent one of the predominant aspects of reality today. All these movements are daily running up against *the growing and unparalleled violence* of the imperialist armies. Where and when have the French imperialists committed so many savage and barbarous actions as in May 1945 in Algiers, at Madagascar in 1947, and in the Viet Nam for the last five years? Today all this disappears completely from Djilas' analysis, is struck from the map of the world by a single stroke of the pen and shamelessly replaced by the phrase on the “democratization” (in the bourgeois sense!) of the relations between the colonies and the metropolitan centers. What would the millions of Indonesians, Malaysians, Madagascans and Koreans, their brothers tortured, burned alive, assassinated by imperialism for the sole crime of wishing to be free – what will they have to say about this new theory of Djilas?

Djilas pretends not to know that precisely the *wealth* of American imperialism, the high degree of development of its productive forces, transform it today into the *aggressive power par excellence* in this world. This wealth clashes directly with *the shrinking of the capitalist world market*, from which not only the USSR and the “new democracies” but also China, have been withdrawn – and from which a whole series of other colonial countries, successively liberating themselves, will soon be withdrawn, just as Nazi

Germany, precisely because of the high degree of development of its productive forces, suffocated within its Versailles frontiers and headed inexorably toward war, so American imperialism suffocates today within the frontiers of that “half of the world” which remains open to it. American imperialism must conquer the whole world for its capital and goods in order to survive. But before its capital and goods can penetrate the USSR, Eastern Europe and China again, it is necessary to destroy the monopoly of foreign trade, the collective ownership of the means of production, and the planned economy. This is not possible through “free competition,” but only by means of cannon fire and atomic bombs. That is why American imperialism is preparing for war, is compelled to do so because of the inexorable demands of its economy. That is what lies concealed behind the fine words about “struggle against Soviet aggression.”

Djilas is seeking what is “new” in the capitalist world since 1935 but he fails to mention any of the *truly new* tendencies which reveal the hideous physiognomy of capitalism in decay. He says nothing about the fact that the productive forces are no longer developing on a global scale, that a development in one country or in one sector is paid for by enormous destruction in other sectors. Nothing about the verification of that old prediction of Marx, according to which the productive forces would be transformed into forces of destruction, if they were not subjected in time to the conscious control of man. Nothing about the predominating tendency toward self-financing, which has rendered the monopoly trusts largely independent of finance capital and has resulted in a new relationship among them! Nothing about the characteristic fact, already mentioned, of the “government’s guarantee of capitalist private profit at the expense of the nation”! Nothing on the fact that the war

economy and rearmament become more and more the “normal” form of capitalist prosperity! Nothing on the fact that the tendency toward the *relative* impoverishment of the proletarians has for some time become a tendency toward their *absolute* impoverishment – not only in the backward countries, but also in such formerly most advanced countries like Japan, Germany and even Great Britain!

And above all, nothing on this fundamental contradiction of contemporary capitalism: that the masses instinctively sense this striking breakdown of the bourgeois “order”; that sudden economic and political crises impel them again and again onto the road of revolutionary struggle; that these struggles have become “normal” phenomena not only in the backward countries but even in advanced countries like Germany, France, Italy, Belgium (and soon Great Britain.) They reappear there periodically, and the instinctive impulse of the masses to seize the factories and the power is the predominating political reality. Yet, this is the reality upon which every tendency of the workers’ movement which is not retrogressive and conservative, must base its whole perspective.

Under these conditions, what does Djilas mean by the need for a “change in the program, tactics, and strategy” of the workers’ movement (p.50) when *for the first time* a world situation is developing which corresponds to the objective premises of the strategy of the first congresses of the Communist International? What is meant above all by that strange remark about “the chaos, distrust, and apathy in the day-to-day activity of the proletariat on our globe,” (p.4) while never before have so many millions of proletarians been in open, daily, revolutionary struggle with decaying capitalism? [12]

The Yugoslav Revolution and the Theory Of State Capitalism

Djilas started out in his analysis to discover the fundamental factors behind the surface phenomena. Alas, never has a theoretician been more blinded by the outward appearance of phenomena and thus rendered incapable of grasping what is fundamental and essential in the world of today!

The *theoretical* origin of this incapacity lies in the pragmatic character of his thinking. He does not try to get at the objective truth. His thinking, exactly like the Stalinist thinking which he justly ridicules for this same reason, strives to justify the “practical” turns in foreign policy. [13] This pragmatism is furthermore explained by the fact that in breaking with Stalinism and in seeking – at first in a sincere and “disinterested” fashion, under the shock produced by the sudden revelation of the counterrevolutionary nature of Stalinism – a materialist explanation of the phenomenon of the Soviet bureaucracy, the leaders of the YCP have never assimilated *theoretically* the teachings of the permanent revolution, although they applied in *practice* its essential precepts. This lack of theoretical understanding has reacted in turn upon their practice and has caused it to deviate in an opportunist direction.

The *social* origin of this lack of understanding is, however, to be found elsewhere. Djilas’ theory of state capitalism is to the Yugoslav Revolution what the theory of “socialism in one country” was to the Russian Revolution – an attempt at a theoretical justification of the *conservative back-sliding* of leaders of a victorious revolution. Just as for some of the leading layers of the Bolshevik Party after 1923, the defense

of this revolution today becomes for the Yugoslav leaders an *end in itself*, regardless of the consequences of certain methods and tactics of “defense” for the international workers’ movement (as well as for Yugoslavia). What we have before us, therefore, is a *nationalist deviation of petty-bourgeois origin*, the social roots of which, in Yugoslavia, must be sought more in its peasant character and in foreign imperialist pressure than in the strength of the bureaucratic tendencies which are being combatted by the YCP.

The whole history of the workers’ movement shows that in the long run the workers’ conquests cannot be *defended* without being extended. That is how the necessity of the *permanence* of the revolution is stated in its most general form. But only those who show themselves capable of defending already existing conquests have the right to speak of the *extension* of the workers’ conquests. The attitude of the Fourth International toward the Yugoslav question has for this reason been consistent in all the different phases through which it has passed. It is not by accident that the Fourth International was the first tendency of the international working-class movement – and for months the only one! – to come to the assistance of proletarian Yugoslavia besieged by the Kremlin and its infamous blockade. Nor was it by accident that this same Fourth International subjected to implacable criticism all the words and actions of the Yugoslav leaders that ever since the Korean War have gone counter to the interests of the colonial revolution and, for this reason, also counter to the revolutionary regroupment of the vanguard in the metropolitan countries. Because Trotskyism has endeavored for 28 years to subordinate at each turn of the situation the particular interests of a given layer, a given country or party to the *general interests* of the international proletariat, it is “blacker and more abominable than anything else

conceivable in the eyes of the official Moscow circles.” (Djilas, **ibid.**, p.9). What a pitiful sight it is to see those who, at their Fifth Congress still designated the Trotskyists as “fascist spies,” today characterize our movement as “always dragging along in the tow of Soviet foreign policy.” (Kardelj, p.94)

Djilas declares that the Soviet bureaucracy has concluded from its Yugoslav experience that the proletarian revolution is by its very nature uncontrollable and for this reason dangerous for the Kremlin. We believe that this realization has been one of the determining factors of Soviet foreign policy for many years. That is why we have based our whole struggle against Stalinism on the international extension of the revolution. That is the only way in which this struggle dovetails with our overall task, that of helping the masses throughout the entire world to overthrow capitalism in its death agony. The communist vanguard of each country comes to this same conclusion again and again by its own experience. Whether or not there is genuine internal democracy within the YCP; whether the revolutionary point of view can be expressed or whether it is silenced by administrative measures [14], we are certain that we shall sooner or later find the best Yugoslav communists arriving at this position.

June 10, 1951

Footnotes

1. All references are taken from No.1 of the magazine **Questions du Socialisme**, published in Paris by the Yugoslav Information

Bureau (April-May, 1951), reproducing the following works: **Themes Contemporains** by Milovan Djilas and **La Yougoslavie dans le Monde Actuel** by Kardelj.

2. “In words, the Soviet apparatus is within the reach of all the workers; in reality, as everyone is aware, it is not at all so. Far from it. And it is not at all the laws that constitute an obstacle ... Our laws, on the contrary, are favorable. But laws alone do not suffice here.” Lenin, *Report on Party Program to the Eighth Congress of the Russian CP*, March 19, 1919. **Selected Works II**, p.535 (French edition).

3. In Yugoslavia between 1945 and 1949 the bureaucratic tendencies were strong and showed no inclination at all to disappear, in the opinion even of Djilas. Why was there no state capitalism in Yugoslavia at that time? Because the first stage, the stage when state ownership is necessary and progressive, had not yet ended, Djilas replies. But what objective criterion determines the end of this first stage? The development of the productive forces, says Djilas. But in the USSR the productive forces continue to develop. Why then is there “state capitalism” in the USSR? “Because the state is not withering away ...”

4. We note in passing that Djilas tacitly assumes that the same state apparatus can change its social nature simply as a result of its “evolutionary tendency.” He appears not to have the faintest suspicion that the change from “socialism” (in reality, from a workers’ state) to (state) capitalism signifies a social counter-revolution and necessitates a complete overthrow of the state structure as well as of the mode of production.

5. Let us point out that certain measures which the Yugoslavs describe today under the term “withering away of the state” were introduced in Russia as early as the mid-Thirties and, from the point of view of socialist planning, represent an unmistakable retreat, even if it was inevitable and necessary for an immediate increase in production. This applies to the increased autonomy of local industry, to the separate and autonomous business accounting system of each enterprise, etc.

6. This is the reason why no backward capitalist country has been able to build an important heavy industry, although several (like

Argentina, India and China) possess a well developed manufacturing industry.

7. The development of synthetic gasoline by Germany and of synthetic rubber by the USA was greatly limited until 1940 by an agreement concluded in 1926 between the I.G. Farben and Standard Oil trusts, (Wendell Berge: **Cartels: Challenge to a Free World**, 1944 pp.210-212).

8. Naturally, Soviet economy also has its crises, like any non-capitalist economy, but these are crises of a different nature than capitalist crises: crises of the *quality* of merchandise, of labor productivity, of output, etc.

9. This important reform in Russian economy was introduced after the second five-year plan. Bogolepov, the Soviet specialist on financial matters, explains that the individual accounting system of each factory is the basis of the plan: "The enterprises, which are state property, are administered as juridically independent enterprises. Each enterprise receives from the state equipment and capital (money) for its own exclusive use. It then operates independently, with its own financial accounting system, its own bank account, with credits which are often extended to it, and finally with the right to realize a certain profit." (**The Soviet Financial System**, 1945, pp.8 and 9).

10. In 1950 Harvard University Press published the work of an American scholar, Harold J. Herman, **Justice in Russia**. This is a work of exceptional interest. For, in reporting the conflicts with which the Soviet judicial organs have to deal, it reveals the contradictory nature of the Soviet economy more clearly than ever. There is a special body called Gosarbitrazh for regulating lawsuits brought against one another by the Soviet trusts and combines (there were 330,000 of these lawsuits in 1938!) or by the state against them. It appears that the trusts are beginning to sell machines that are temporarily idle; that they had attempted to sell entire factories; that after the state's intervention against these deals, they disguised these sales as leases; that they drew up fictitious contracts in order to obtain raw materials outside of the plan; that they utilized numerous subterfuges to avoid applying legislation on prices, etc.

10a. Charles Bettelheim, French radical economist, author of an important analytical work on German economy under the Nazis.
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11. The hypothetical case of “state capitalism” foreseen by Engels in **Anti-Dühring** is likewise the opposite of what exists in the USSR, for the capitalists continue to receive profit, only in the form of revenue from state bonds instead of dividends from individual stocks. It might even be said that in this case there was only a formal and fictitious suppression of private property, *for private property continues to exist as a source of revenue for a class!*

12. Kardelj went further, saying that “we are living, in fact, in a period of transition from one social system to another, in the course of which the economic factors of the new system *have already achieved victory in the world*” (**Questions Actuelles du Socialism**, No.1, p.84). He was referring to the high level of the productive forces and to the “state capitalist” measures of the capitalist countries! He should be reminded of that pointed remark of Lenin: “The ‘proximity’ of such a capitalism to socialism should serve for the real representatives of the proletariat as an argument in proving the nearness, ease, feasibility and urgency of the socialist revolution, and not at all as an argument for tolerating a repudiation of such a revolution or for making capitalism more attractive.” (**Collected Works**, XXI, p. 203, **State and Revolution**) Nor, we might add, discovering a “new” strategy for the proletariat!

13. The internal logic of the theory of state capitalism leads the YCP in its day to day practice to vulgar reformist positions on international questions with astonishing rapidity. The Cucchi-Magnani movement in Italy, to which they have given discreet support, has openly pronounced itself in favor of national defense against “foreign aggression.” The Yugoslav press has denounced the assistance given by the Chinese revolution to the Viet-Minh partisans, while Mosha Piyade in his pamphlet “The Myth of Soviet Aid to the National Yugoslav Insurrection” stigmatizes the Soviet leadership for not having given such assistance to the Yugoslav partisans. Finally, the Yugoslav review World Politics

has just declared in its issue of June 6 (p.11) that the “reform of the (French) electoral system, whose undemocratic character cannot be denied, can nevertheless be justified for one rather convincing reason (!), that of the common aspiration (of the parties of the majority) to defend democracy”!

14. The Yugoslav state has begun to wither away ... Not yet sufficiently, however, to authorize the publication of Trotsky’s works, even at the expense of the Fourth International. When Lenin and Trotsky were in power in Russia they never prevented, to our knowledge, the ultra-left communists from defending orally and in writing the theory of state capitalism. It is true that their state was not withering away ...
