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OF SOCIAL AND
POLITICAL
KNOWLEDGE

WHAT IS
the Transition
Period?

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PROGRESS PUBLISHERS

ABC of Social and Political Knowledge

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THE TRANSITION
PERIOD?



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АВС СОЦИАЛЬНО-ПОЛИТИЧЕСКИХ ЗНАНИЙ

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ЧТО ТАКОЕ ПЕРЕХОДНЫЙ ПЕРИОД?

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INTRODUCTION

The times in which we live are witnessing the worldwide transition from capitalism to socialism. Mankind has never progressed so swiftly, nor has social development ever been so dynamic. This is the most complex, tense, and eventful period in history. A socialist revolution greatly accelerates economic and socio-political development in any country.

However, the working people who have carried out a socialist revolution and assumed political power cannot build a socialist society overnight. As Lenin wrote: "This object cannot be achieved at one stroke. It requires a fairly long period of transition from capitalism to socialism, because the

reorganisation of production is a difficult matter, because radical changes in all spheres of life need time, and because the enormous force of habit of running things in a petty-bourgeois and bourgeois way can only be overcome by a long and stubborn struggle.”¹

The transition from capitalism to socialism takes a whole historical period which begins with the working people taking political power and ends with the building of socialist society. This period is called the *transition period*. During this period, all forms of unearned private property in the means of production are gradually eliminated. The basic means of production are socialised. All forms of the exploitation of man by man are abolished, and new production relations are established. The country in question gradually introduces socialist changes in the small-scale commodity production of the peasants and artisans with their voluntary cooperation. It also builds a material-and-technological base for socialism in the shape of large-scale machine production which facilitates technological progress in all sectors of the national economy. At the same time a cultural revolution is carried out, and the petty-bourgeois strata are gradually reformed in

¹ V. I. Lenin, “Greetings to the Hungarian Workers”, *Collected Works*, Vol. 29, Progress Publishers, Moscow, 1977, p. 388.

the spirit of the new, socialist, ideology.

No matter how favourable the internal and external conditions of socialist construction, no country can bypass a transition period.

For a country embarking on the socialist path of development, the length of the transition period is determined by the concrete historical situation, including the level reached by the productive forces, the historical and national distinctions, the extent to which the old ideology still influences the people, etc.

In a developed capitalist country which has reached a higher level of socialized production and hence possesses more mature material prerequisites for socialism, the transition period may be shorter than in a less developed country.

The sweeping national liberation struggle and the collapse of imperialism's colonial empire resulted in the formation of a large group of newly-independent states, many of which, having gained political independence, have opted for non-capitalist development, and ultimately for building socialism.

How must a people go about ridding themselves of exploiters and sustain economic and political independence? What are the general laws of socialist construction? How are these general laws correlated with specific features in a country's development, and how are they manifested in the infinite variety of historical, national, geogra-

phic, economic, social, political etc. conditions? All of these questions are of concern to those countries which have embarked on socialist change.

The Soviet Union was the first country to embark on the path of socialist transformations. In the USSR, the transition period began in October 1917 and ended in the mid-thirties. The 1936 Constitution legislatively secured the achievement of socialism in the USSR. The formation, growth, and consolidation of the socialist world system made it possible for many countries to attain the objectives of the transition period during a shorter historical term and with fewer difficulties. Thus in Bulgaria, Czechoslovakia, Hungary, and Romania the transition period lasted approximately 15 years, while in the German Democratic Republic it took 12 years.

The transition period is not a distinct socio-economic formation. It is a historical period of revolutionary changeover from capitalism to socialism. Socialism cannot be attained by reforms. A socialist revolution is essential in order to achieve a fundamental change in the transformation of the economic and social system. This is an objective requirement of social development. It is on this point that the Marxist-Leninist teaching on socialist revolution differs from the revisionist and reformist theories of transition to socialism.

The Marxist-Leninist teaching on the period of

transition from capitalism to socialism has been creatively developed and enriched by the experience of socialist construction.

Marx and Engels posed before the proletariat the historic task of overthrowing capitalism and assuming political power, and outlined the ways for the subsequent transformation of capitalism into socialism. Lenin elaborated their ideas on the role and significance of the period of transition from capitalism to socialism, and developed them as they applied to the new historical situation. Subsequently, the Marxist-Leninist parties have creatively developed these ideas, a fact which has found reflection in the formulation of the general laws of transition from capitalism to socialism.

The historical experience and the record of economic development of the countries which have built a socialist society and those which have embarked on the path of socialist transformations furnish graphic proof of the correctness of the Marxist-Leninist theory of the necessity, essence, and general laws of the period of transition from capitalism to socialism.

CHAPTER
ONE

THE SCIENTIFIC CONCEPT
OF SOCIALISM
AND THE NECESSITY
OF THE PERIOD
OF TRANSITION
FROM CAPITALISM
TO SOCIALISM

From Dreams to Science

Since long ago, men have dreamed of a just social order—with no oppression of man by man and equal opportunities for all, including the opportunity for all people to engage in free, creative work, satisfy their material and cultural needs and develop harmoniously. In a society of this kind the happiness of one person would not be the misfortune of another—for no one can be happy if others are humiliated or oppressed.

There have been many projects, literary works, plans, and schemes for a new society. Often people placed their hopes on some kind and reasonable sovereign or a rich benefactor who would see how noble the scheme was and use his

power or money to implement it.

Those dreams, however, were never to be. Such notions of a future order—socialism—were later called utopian socialism, from *Utopia*, the title of a novel written by Sir Thomas More, an English statesman, in 1516. “Utopia” means a place that is imaginary. In vain did utopians hope for a kind sovereign, a rich benefactor or a great man—a “hero”—whose deeds would establish a veritable Golden Age on earth. The great French utopian socialist Charles Fourier, for instance, spent many years looking for a person who would supply money for building a new community with equality for all—the phalanstery. In 1829, on many billboards in Paris there appeared notices announcing that any capitalist wishing to donate money for organising phalanstery would find M. François Marie Charles Fourier at home from 12 noon to 1 p.m. daily.

Since that time and for many years after, Fourier invariably spent this hour at home, hoping that some generous Rothschild or any other on his list of three-thousand likely “candidates” would call and offer capital to organise a phalanstery. However, no rich benefactor ever turned up.

The scientific concept of socialism—a teaching on a new social order, its economic, social, political, and moral aspects—became possible only when history itself laid the basis for the origina-

tion of a new social order; it was a time when material conditions began to take shape—not in dreams but in real life—which could be used to achieve the genuine all-round development of man and the satisfaction of his multifarious, reasonable and continually increasing needs.

The founders of scientific socialism were the great scholars and revolutionaries of the 19th century—Karl Marx and Frederick Engels. Their doctrine substantiated the fundamental conclusion that socialism was the social system towards which mankind was already progressing inasmuch as it had already entered the era of capitalism. Socialism was not a dream or an ambition but an objectively necessary and inevitable stage in social development. Marx and Engels theoretically substantiated this, and the course of history has proved that their theoretical conclusions were correct.

The essence of the scientific, Marxist conception of socialism is as follows. The economic basis of socialism is public ownership of the means of production. Hence the equality of all the members of society vis-à-vis the means of production: there are neither those deprived of the means of production nor those holding an exclusive right (a monopoly) to them, that is to say, there are no private owners of the means of production.

Given the basis of public ownership of the

means of production, relations of equitable cooperation take shape in the course of production: inasmuch as there is no private ownership of the land, industrial enterprises, railroads, banks, etc., the entire product of socialist society is public property. A portion of it (the bulk of the articles of personal consumption) become the personal property of the public, while the other portion remains public property. These are primarily the newly-created means of production which are used for the further development and expansion of production.

Production based on public ownership of the means of production serves one chief purpose: to promote the interests of man, of all society, and to ensure its increasing well-being and free, all-round development.

Socialism is the first phase of the communist socio-economic formation. It comes to replace capitalism after a socialist revolution and a period of transition from capitalism to socialism.

Socialism, which inevitably succeeds capitalism, ensures the level of productive forces adequate to provide for the distribution of consumer goods among the members of society in accordance with each person's individual labour contribution to social production, in other words, in accordance with the quantity and quality of work done by each able-bodied person for the benefit of society.

Therefore, a socialist society is a society based on public ownership of the means of production, where the development of social production serves the interests of man, where free, comradely cooperation among all the people is ensured, and where material wealth (the articles of consumption) and services are distributed in accordance with the labour input of each person (this principle does not apply to the disabled for they are maintained by society). This is the shortest definition of socialism, but it serves our purpose for the time being.

This brings us to the following question: Why should social development inevitably result in socialism succeeding capitalism (as has already happened in many countries)? It is true that in some countries socialist construction begins and unfolds quite successfully without capitalism, i. e. it takes over directly from the pre-capitalist forms of social production. What is the reason for this? What laws of social development allowed Marx and Engels to draw the scientifically substantiated conclusion that capitalism would inevitably perish and mankind would, of necessity, make a transition to socialism?

In a nutshell, the answer lies in the character of modern capitalist production. Like the feudal and slave-owning socio-economic systems that preceded it (and unlike the primitive-communal society), capitalism is based on private ownership

of the means of production. With time, this type of production relations comes into contradiction with the character of the productive forces which develop within the economic system of capitalism and which are shaped by this system and by the drive for maximum profits inherent in it.

Under capitalism, the productive forces become increasingly socialised. The social division of labour, specialisation and cooperation of industrial enterprises in the process of production and the development of communications (transport, etc.), lead to individual production processes merging into a single socio-production process. That is to say, production already acquires a *social character*. Economic fragmentation, i. e. the isolated character of the autonomous economic units involved in production under the private (private capitalist) ownership of the means and output of production, is not suitable for this new, social, character of production.

The development of social production posed the following problem: sooner or later private ownership must wither away, i. e. it must be eliminated or transformed, to be succeeded by public ownership of the means of production. This will bring the entire economic system of society in correspondence with the character of its productive forces, which will be in line with the requirements of the latter's development. The replacement of private ownership by public ownership of

the means of production is an imperative of economic and social progress in contemporary society. As noted in the previous paragraphs, the establishment of public ownership of the means of production, given the contemporary development level of the productive forces, signifies the origination of a new socio-economic system, socialism, with all that this entails. Therefore, the chief objective of Communists, worldwide, for which they work conscientiously and indefatigably, is the elimination of private ownership. As Marx and Engels put it, Communists can reduce their theory to one position—elimination of private ownership.

Therefore, the transition to socialism is not wishful thinking or a dream but a historical necessity. It is rooted in the material conditions of contemporary social development, in the level reached by the social productive forces. These material prerequisites, or the material foundation, for a transition from capitalism to socialism and the latter's subsequent successful development are ensured by the high level of social production whereby production acquires a clearly manifested social character. This level is reached when society moves over to large scale machine production.

Why the Transition Period Is Necessary

Mankind cannot “leap” from capitalism to socialism. The transition requires a whole historical epoch—either in relation to any individual country or to the world as a whole. This historical epoch is a specific period of social development, the *period of transition from capitalism to socialism*.

The inevitability of the transition from capitalism to socialism is inherent in the development of capitalism. “It would be impossible to put an end to the rule of capitalism if the whole course of economic development in the capitalist countries did not lead up to it... No power could destroy capitalism if it were not sapped and undermined by history.”¹

The capitalists’ drive for maximum profits causes a gigantic growth of the productive forces and labour productivity. The productive forces reach a very high level in the industrially developed capitalist countries. The social character of production, which takes root with the emergence and expansion of large-scale machine industry, is manifested in the high level of production concentration and centralisation, in the more profound social division of labour, in the expansion of ties between various economic sectors

¹ V. I. Lenin, “War and Revolution”, *Collected Works*, Vol. 24, 1980, p. 417.

within national economies, and in the formation of the world capitalist economy.

The development of the material prerequisites for a transition to socialism is particularly extensive when capitalism enters its highest, ultimate stage, imperialism, when it evolves into monopoly capitalism, and when state-monopoly capitalism, in its various forms, comes to play the leading role in the national economy.

However, capitalism will not leave the historical arena of its own free will. An impetus is required to remove it from the path of social progress. The working class, the most progressive and revolutionary class of the present day, is that social force which is to fulfil the historic mission of abolishing capitalist relations and setting up a new, socialist, system. It achieves this aim in alliance with the working peasantry. The communist and workers' parties are the vanguard of the working class. They combine scientific socialism with the workers' mass-scale movement and inspire and organise the workers in the struggle for socialism.

The socialist transformation of society begins with the revolutionary establishment of the *dictatorship of the proletariat* – the state of a new type and the chief instrument for building socialism and defending revolutionary gains.

The working class uses the state to eliminate the bourgeoisie's economic and political rule and

to build a new society. The dictatorship of the proletariat, Engels wrote, is “the only organism by means of which the victorious working class can exert its newly conquered power, keep down its capitalist enemies and carry out that economic revolution of society without which the whole victory must end in a defeat and in a massacre of the working class like that after the Paris Commune.”¹

The historical experience of the countries which belong to the socialist world system has shown that the revolutionary takeover of political power by the working class can occur either by means of an armed uprising or by peaceful means—depending on the correlation of forces in the struggle between the proletariat and the bourgeoisie. The specific historical conditions in which the country in question finds itself, the political experience amassed by the working class and other revolutionary forces in this country, and the degree of intensity of the class struggle all determine the form to be assumed by the dictatorship of the proletariat. For the USSR, it is Soviet power; for a number of countries in Europe and Asia, power by people’s democracy.

The economic content of a socialist revolution

¹ “Engels to P. van Patten in New York”, in: Karl Marx and Frederick Engels, *Selected Correspondence*, Progress Publishers, Moscow, 1975, p. 341.

is the elimination of capitalist and the establishment of the socialist production relations, based upon public ownership of the means of production. This resolves the conflict—which reaches its extreme form under capitalism—between the social character of production and the private capitalist form of appropriation of the means and output of production.

The revolutionary changeover from capitalism to socialism is a law-governed, inevitable process conditioned by the entire course of historical development. Life itself has proved the validity of this fundamental proposition of Marxism-Leninism, and further proof has been furnished by the experience of the numerous countries that have taken the path of socialism.

No country can achieve socialism without the historical period of transition. The length of the transition period and the forms and methods employed to achieve revolutionary changes differ from country to country depending on the historical conditions. Still, they are essentially alike, as are their main objectives.

A revolution destroys the old society, but not in one go. For instance, it may be possible to take power in a matter of days or even several hours, but it is not possible to demolish the old society—a complex social organism—by one, albeit most vigorous and resolute, attack.

Demolition of the old is quite a lengthy process.

It is necessary to do away firmly and resolutely with all that served the exploiters and was thus used against the working people. Meanwhile, it is expedient to preserve all that may be used in the working people's interests.

It is also noteworthy that the process of construction begins at the same time as demolition. These two processes are not consecutive but parallel and closely interrelated.

To build the new while demolishing the old, to build the new on the ruins of the old, is a far from simple matter. It is necessary to draw the blueprints of the new and original construction, for it cannot be built without a foundation.

The specific features of a socialist revolution, its cardinal distinction from a bourgeois revolution, predetermine a period of transition from capitalism to socialism.

Socialist production relations, as was noted above, do not take shape spontaneously before a socialist revolution. Even after it, they are not spontaneous but have to be formed, built. In this sense the transition from capitalism to socialism is essentially different from the transition from feudalism to capitalism.

Both feudalism and capitalism are rooted in private ownership; hence, the emergence and development of the capitalist mode of production within feudal society was spontaneous. The bourgeois and the socialist economies are cardinally

different: the first is based upon private ownership, and the second, upon public ownership of the means of production; capitalism is a system of exploitation of man by man, while socialism is a system of equitable economic cooperation of people free from any exploitation. It is obvious, therefore, that a socialist economic structure cannot emerge spontaneously within capitalist society. "The proletarians cannot become masters of the productive forces of society, except by abolishing their own previous mode of appropriation, and thereby also every other previous mode of appropriation."¹

The elimination of a capitalist and the creation of a socialist economy cannot occur immediately, at the time when the proletariat is fighting for political power. Time is needed to break the opposition of and expropriate the big bourgeoisie and landlords, transfer the ownership of the means of production to the working people, and organise the operation of enterprises on new, collectivist foundations. This difficult undertaking is further complicated by the fact that the working class lacks the expertise required for managing the national economy.

¹ Karl Marx and Frederick Engels, "Manifesto of the Communist Party", in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 6, Progress Publishers, Moscow, 1975, p. 495.

A lengthy period is needed to carry out voluntary socialist transformation of the numerous (in practically all capitalist countries) small-scale peasant holdings and to achieve an overall rise in the working people's welfare and cultural level. As the new society is being built it has to overcome stubborn opposition from those who would not give up their power and property.

It takes a whole historical period – the period of the transformation of capitalist society into socialist society, in other words, the transition period – for the proletariat to carry out these difficult and complicated tasks. The transition period begins with the proletariat assuming power and ends with the full victory of socialism. In the economic aspect, the transition period is essentially the elimination of the capitalist economic system and the creation of a new, socialist, economic system.

So, the period of transition from capitalism (or, sometimes, from precapitalist economic relations) to socialism is a distinct historical period during which a revolutionary transformation of capitalism into socialism takes place. Logically, the lower the economic level of the country which begins moving in the direction of socialism, the longer the time taken and the more complicated the tasks to be carried out by the proletariat.

The length of the transition period differs from country to country. It is determined, as was noted

above, by the specific historical conditions prevailing in a given country—including the development level of the productive forces, the extent to which a form of ownership is developed, the correlation of class forces, the historical and national traditions, the extent to which the old ideology is rooted among the population, etc. External conditions also play a significant role. Nowadays the socialist world system, the cooperation and mutual aid of the socialist countries, has a tremendous impact on the conditions of the transition period, and hence on its length, in every country.

The transition period is a period of struggle between decaying capitalism and nascent socialism. Until this period is completed, the capitalists and other groups of exploiters continue to hope for the restoration of the old social system, and this hope inevitably motivates their attempts to achieve its restoration. The fight waged between the proletariat and the bourgeoisie until the question “who will win?” is settled, is a manifestation of the principal insoluble antagonistic contradiction of the transition period.

As Marxism-Leninism has proved in theory, and the experience of socialist construction has in practice, the reformist theory whereby capitalism “grows into” socialism, and the revisionist outlook denying the necessity of a transition period or extending it up until the building of com-

munism is completed, are equally unsound.

The necessity of a transition period derives from the tasks which the working people, led by the proletariat, have to fulfil during that time. These are transforming the capitalist economy into a socialist economy; achieving socialist changes in the socio-political sphere (doing away with the exploitation of man by man and with its causes, ending unemployment – the greatest social evil of capitalist economies; establishing socialist democracy; shaping the new class structure of society as well as the new social organisation of labour and socialist discipline); and lastly, inculcating socialism in the consciousness of the people.

CHAPTER
TWO

THE DICTATORSHIP
OF THE PROLETARIAT
AS THE CHIEF INSTRUMENT
OF SOCIALIST
TRANSFORMATION

The Differences Between
a Proletarian Revolution and
a Bourgeois Revolution

Even when the dream for a society based on social justice ceases to be a utopia and when socialism becomes a science, the new social system is still a matter of the future. To cognise the laws of social development is not enough – they must be put to use in the interest of accelerating social progress. A resolute and purposeful social action is needed to achieve this, and hence, a social force able and willing to change the capitalist world, remove all that is obsolete and decaying from the way of social progress, and build a new, socialist, society. As Karl Marx inferred in 1845, “The philosophers have only *interpreted* the world

in various ways; the point is to *change it*.”¹

The revolutionary force destined to become the “grave-digger” of capitalism is the proletariat—the class bred by the capitalist mode of production. The proletariat is organised, united, and educated along with the development of capitalism. The revolutionary party of the proletariat, the party of communists armed with a Marxist-Leninist world outlook, introduces the ideas of scientific socialism to the working masses, links scientific socialism to the workers’ movement, and spearheads the revolutionary struggle waged by the working class.

What social changes should the revolutionary transformation of capitalist society into socialist society begin with? What leverage must the working class use to be able to transform society?

Such leverage for the working class, or any other revolutionary class, is state power. Only the assumption of state power allows it to acquire a position of predominance in society, act in accordance with its will, defend its class interests, and carry out its plans. The assumption of state power by way of revolution is even more important for the working class than it used to be for those classes which had made political revolutions and taken state power—thus determining the char-

¹ Karl Marx, “Theses on Feuerbach”, in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 5, 1976, p. 5.

acter of successive epochs of social development—prior to capitalism.

At one stage of social development, for instance, the bourgeoisie was a revolutionary class. At the time it assumed state power, it was a leading economic force, and bourgeois production relations were predominant in the economy of a number of feudal states, such as England, France, the Netherlands, etc.

The working class, on the other hand, begins its fight for power in fundamentally different conditions. The feudal and the bourgeois relations are, in the final count, relations of the same type, as both are based upon private ownership of the means of production. In contrast, bourgeois and socialist relations are essentially different, i. e. based on opposite principles, for the former are rooted in private ownership and the latter, in public ownership. It is due to this that bourgeois relations emerge and develop, at first very slowly, almost unnoticeably, and with time increasingly under the feudal mode of production, that is, within feudal society. Socialist relations, though, cannot emerge under the bourgeois mode of production, for socialist public ownership of the means of production cannot originate within a social system whose sacred principle and foundation is, in all cases, private ownership of the means of production—whatever its form.

A socialist revolution serves the interest, not

only of the working class, but of the entire working people. In its opposition to capital the working class is faced with the following objective: the assumption of state power and the elimination of private capitalist ownership of the means of production, thus doing away with capitalist exploitation; following this, the elimination—by other methods dictated by other tasks—of all forms of private ownership of the means of production, and the setting up of various forms of public ownership in their place.

It follows that the question of power, i. e. of winning power, is the principal, fundamental question of any socialist revolution. Only the transfer of state power from the hands of the bourgeoisie and landlords into the hands of the working class and its allies signifies a turnover in the development of society and ushers in a new age which begins with the period of transition from capitalism to socialism.

Why Proletarian Dictatorship Is Necessary

It was Marx who suggested the need to establish the working people's power, in the form of proletarian dictatorship, in the period of transition from capitalism to socialism. He wrote: "Between capitalist and communist society lies the period of the revolutionary transformation of the one into

the other. Corresponding to this is also a political transition period in which the state can be nothing but the *revolutionary dictatorship of the proletariat*.¹ Life itself has proved the validity of this idea, as the record of the socialist countries shows.

In a society with opposing classes, where antagonisms exist between the exploiters and the exploited, any form of state power is dictatorship by the ruling class. In capitalist society, the state complies with the will of the bourgeoisie and serves the latter's selfish interests. Having overthrown the state power of the bourgeoisie, the working class must replace it by its own power—the dictatorship of the proletariat. There has never been—nor can there emerge in the transition period—a neutral-class, or supra-class, state. The alternative is: the dictatorship of the bourgeoisie or the dictatorship of the proletariat. There can be no other.

Certain bourgeois scholars, among them historians and social scientists, picture the assumption of power by the working class as a revolt involving bloodshed, numerous and unnecessary sacrifices, the demolition of cultural values, etc.—in short, a social calamity. But the working class and its party are not bloodthirsty. They are for a

¹ Karl Marx, "Critique of the Gotha Programme", in: Karl Marx and Frederick Engels, *Selected Works* in three volumes, Vol. 3, Progress Publishers, Moscow, 1976, p. 26.

bloodless and, if possible, peaceful revolution, and for preserving all material and cultural values. The proletariat is impelled to take up arms in the fight against the exploiters and oppressors because the bourgeoisie, unwilling to relinquish its capital, puts up resistance, strives by all means to uphold its rights, preserve the exploiters' property and maintain the obsolete and inhuman social order, attacks the working class and unleashes civil war. This was the case in Soviet Russia, where the proletariat took over power in October 1917 as the result of an armed uprising.

However, in certain historical conditions, notably when the strength of the revolutionary proletariat and the external conditions favourable for the victory of the revolution make the bourgeoisie acknowledge its defeat in the political struggle for power – for an armed resistance would be a hopeless undertaking – the transfer of power into the hands of the working class occurs in a peaceful form. The proletarian dictatorship's "red terror" against bourgeois and other counter-revolutionary elements is nothing else but its response to the "white terror" of the bourgeoisie against the victorious working class, its party, and its activists.

In February 1948, the Czechoslovak people, led by the working class and its party – the Communist Party of Czechoslovakia – was able by peaceful means to thwart the bourgeoisie's

attempt to destroy the people's democracy established in the country following its liberation from the occupation by Nazi Germany and also as a result of the 1944 Slovak national uprising and the 1945 Czech popular uprising. Thus the dictatorship of the proletariat was firmly established in the country, and its triumph, in February 1948, incurred no bloodshed or destruction. Similar developments took place in a number of other East European countries which took the path of socialism.

Thus, when a revolutionary situation develops and the bourgeoisie's rule comes to an end, the working class is ready to assume power either by armed action or through peaceful means—depending on current historical conditions. In either case, this turnover is essentially a revolution, for power is assumed by another class, i. e. the dictatorship of the proletariat is established.

The Objectives of Proletarian Dictatorship

Why is state power in the hands of the working class important for achieving a transition to socialism? What historical mission does proletarian dictatorship fulfil, and what is, accordingly, its historical framework?

Proletarian dictatorship is a fundamentally new form of power. In all pre-socialist social

formations state power has been, and continues to be, an instrument used by the exploiting minority for defending its own interests and oppressing the exploited majority.

Proletarian dictatorship, unlike all preceding forms of state power, expresses the vital interests of the working people, i. e. of the majority of a country's population. The central principle of this form of power is the alliance of the working class with the peasants and the other strata of the working population. A socialist state, therefore, is instrumental in suppressing the exploiters – which constitute a minor portion of the population.

All the preceding forms of state power relied primarily upon violence, while the central task of proletarian dictatorship is to organise the working people in the building of a new society, eliminating antagonistic classes, doing away with exploitation of man by man and destroying the root causes of it. Inasmuch as this goal touches upon the vital interests of all social classes, it is attainable on the sole condition that the working class, once it achieves political supremacy, is able to wrest the non-proletarian working masses from the influence of the bourgeoisie, consolidate its own alliance with them, and draw them into socialist construction.

Once it has assumed state power, set up new state organs staffed by the most advanced and

politically conscious workers and the poorest peasants, and begun organising the work of the new state apparatus (administrative organs, the courts, the armed forces, the militia and the procurator's offices) which serves the interests of the people, the working class turns the full force of the proletarian state against the bourgeoisie, the landlords, all the exploiter elements, who, although deprived of state power, do not cease to resist the working class. An essential objective of the socialist state is to suppress the overt and covert resistance offered by the bourgeoisie. It is precisely for this purpose that the workers arm themselves, set up organs of law-enforcement (workers' militia), organise a people's army, etc.

The above by no means implies that the struggle against the bourgeoisie essentially involves repression. Quite the contrary. Where possible, the socialist state undertakes to re-educate the bourgeoisie, to involve the former bourgeois elements in socially useful work, in socialist construction. Here the most important element is the effort by the young socialist state to draw to the side of the working class, to the side of socialism, various sections of the bourgeois experts; managers, engineers and technicians, workers in science, specialists in economics, the military, lawyers, cultural and education workers, etc. In the Soviet Union and in other socialist countries the effort to win over intellectuals and draw them

into socialist construction was very fruitful – although among them did appear a sprinkling of agents of the bourgeoisie (domestic and foreign), spies and saboteurs, who had to be dealt with by harsh means in order to defend socialist society.

To suppress the resistance of the overthrown bourgeoisie is an urgent but far from the sole or primary task of the dictatorship of the proletariat. The prime objective of the working class is to build a new society, thus fulfilling its constructive mission and achieving its socialist ideal.

As proletarian dictatorship represents the interests of the working class, it assumes a socialist nature and can be rightfully called the socialist state – which is the main instrument in the hands of the working class and all the working people for carrying on socialist construction in all areas of social life. To build socialism is to build the productive forces adequate to socialism and to transform all social and economic relations into socialist relations. It is to do away with illiteracy and backwardness, to carry out a cultural revolution, to elevate the educational level of the working people, to bring their understanding up to the level of the best achievements in arts and sciences. It is to channel the energy and initiative, the mind and will of all the people and each individual into the building of confidently advancing and flourishing society where the freedom and harmonious development of each person means

the freedom and harmonious development of all society.

Since its inception, the socialist state is the political superstructure of society. It is a characteristic feature of the transition period that those who assume state power in conditions of a highly developed social character of the production process are, through this, able to control a major portion of the national economy—that portion which is centralised and integrated by the very course of the development of productive forces, that which is called the economy's "commanding heights".

Once it takes political power, the proletariat undertakes, immediately or in a very short time, to do away with the bourgeois relations of ownership which comprise the economic foundation of capitalist society.

Having nationalised the principal means of production, the proletariat undertakes the constructive task of setting up a highly complex and intricate network of economic and organisational relationships encompassing the production and distribution of products in the interests of hundreds of millions of people.

Still another goal of the dictatorship of the proletariat is to guide the working masses and rally them around the revolutionary working class and the poorer peasants in the course of socialist construction. To attain this goal, the socialist state pursues a policy of consolidating the alliance of

the working class and all working people and carries out large-scale educational work among all working strata in town and countryside—small-scale craftsmen, artisans, shopowners, etc.—as well as the working intelligentsia, office employees, and other workers. This task can also be accomplished by a state with a broader social base—the revolutionary-democratic dictatorship of the proletariat and the peasantry. This type of state develops in those comparatively backward countries where the proletariat does not yet play a big enough role in economic and political life. It is the whole class of peasants (and not merely the poorest peasants as was the case during the October 1917 proletarian revolution in Russia) who made up a strong and active anti-capitalist and anti-imperialist force.

As the working people rally around the progressive political power, around the working class, organisational measures are taken to suppress the resistance offered by the overthrown exploiting classes; the switchover from a multi-structured national economy to socialist economic development is carried out through ousting and abolishing the capitalist economic mode and through the socialist transformation of the small-scale commodity-producing private holdings.

Therefore, socialist construction is the central task of the dictatorship of the proletariat. The dictatorship fulfils a broad variety of tasks asso-

ciated with its *function of organising the economy*; in turn, this is inherently linked with its other function – which is *cultural and educational*. In the transition period, these functions are manifested in the implementation of the tasks involved in *organising* the socialist production and distribution of products. As it proceeds to nationalise the means of production – factories and enterprises, mines and pits, mechanised transport, means of communication, etc., as well as such a vastly important means of production as the land (which is fully or partially nationalised) – the state lays the economic foundation for carrying out further socialist transformations and setting up a truly large-scale nationwide socialist production based upon advanced technology.

As a result of the socialist nationalisation of the means of production, the socialist state comes to own huge production capacities and substantial funds which are expended rationally and on a planned basis in the interests of the working people, for promoting their well-being.

As the owner of the principal means of production, the socialist state organises socialist cooperation of labour on a nationwide scale: it steadily integrates the work of millions of people; provides raw materials, fuel, and electricity to all enterprises; arranges the distribution of output, first within the socialist economic structure, and subsequently throughout the national economy;

and assumes control over the operation of the private sector.

As concerns individual peasant holdings, the policy of the proletarian state is to support them, promote their ties with the socialist sector on the one hand, and on the other, to get them to break away from the capitalist economic mode, particularly the private capitalist structure. Major state-owned socialist agricultural enterprises are speedily developed (state farms in the USSR, people's estates in the German Democratic Republic, etc.), which demonstrate to the peasants the advantages of the large-scale socialist agriculture and thus accelerate the peasants' transition to cooperation in production. Besides, the state-owned socialist farms help individual peasants to buy pedigree livestock and high-yield crops, to apply modern agricultural and livestock breeding techniques, to organise farm work, and to process agricultural produce.

However, it is to the development of the state socialist sector of the economy that the state gives prime attention throughout the transition period, for the socialist sector is pivotal to the life and work of the working class, the well-being of the working people, and the economic power of the country.

Central state economic management agencies come to function as a socio-economic centre. Since its inception, socialist production, initially

one of several economic modes, develops as an integral whole according to a single plan.

During the transition period, the state also fulfils major goals in the area of commodity circulation (supplies and trade), money circulation, crediting and financing, and conducts a class taxation policy. Using planning as an economic lever, the state on the one hand promotes the growth of socialist elements and the development of social production and, on the other, curtails the growth of capitalist elements and creates conditions for the transfer of the small-scale peasant holding to large-scale socialist production.

In the transition period, the socialist state sets up a nationwide system of public education, providing for training skilled personnel for all sectors of the national economy, and organises a socialist system of health care.

The socialist state's function in organising economic activity is also manifested in its external economic relations. It is during the transition period that the young socialist state introduces state monopoly (exclusive right) of foreign trade and all external economic activities. This protects the national economy against intervention and economic aggression by foreign capital. The state monopoly of foreign trade ensures favourable conditions for developing new, promising sectors of the economy, notably during the period of industrialisation; it also sustains economic develop-

ment and independence based on internal potential and on aid rendered by fraternal socialist countries. At the same time, the state monopoly of foreign trade also promotes the international economic relations of the country, primarily its stable economic cooperation with other socialist states, as well as its mutually beneficial economic relations with industrially developed capitalist countries on the basis of the established international division of labour.

The dictatorship of the proletariat fulfils two parallel tasks: suppressing the resistance of the overthrown exploiting classes internally; and on the external plane, strengthening the country's defence capability, and if the need arises, defend it against foreign military intervention or attack by the forces of imperialism. The Soviet state, for example, has had to repel such attacks several times, notably in the period of foreign intervention in the years following the October revolution. The establishment of the world socialist system changed the situation. Still, even in the present conditions the socialist states have to strengthen their defence capabilities and to consolidate the overall defence potential of the socialist community.

Contemporary generations will remember how the Cuban people fought against interventionists and counter-revolutionaries who had invaded Cuba at the Bay of Pigs, in 1960.

Thus, the dictatorship of the proletariat fulfils the following major functions:

- 1) suppressing the resistance of the overthrown exploiting classes, defending the country against external attack, consolidating international ties with the working class worldwide, promoting peace and international cooperation;
- 2) carrying out socialist changes in the economic, socio-political, and cultural areas, and increasing the material well-being of the working masses;
- 3) exercising working-class leadership over the peasants and other working people in order to complete their breakaway from the bourgeoisie and involve them in socialist construction.

The Dictatorship of the Proletariat and the Class Struggle

The dictatorship of the proletariat is a continuation of the class struggle between the bourgeoisie and the proletariat in new forms and in new conditions.

In the transition period, the correlation of class forces changes in favour of the working people. The growth and consolidation of the socialist sector builds a base for strengthening the economic role and political influence of the working class. And yet, contrary to what the reformists and right-wing socialists seek to prove, the building of

socialism is not automatically accompanied by a weakening of the bourgeoisie; nor does the class struggle automatically lose its intensity. In some periods, the class struggle may be greatly intensified – as it was during the counter-revolutionary rebellion in Hungary in 1956, or when the anti-socialist elements undertook desperate attempts to restore capitalism in Czechoslovakia, in 1968-69.

When carrying out socialist changes, the working class seeks to avoid bringing the class struggle up to its most acute forms. The views of the proponents of “left”-wing adventurism concerning purposefully inflaming the class struggle are alien to the working class. The workers have a stake in the peaceful development of the revolution, and in achieving a peaceful transition from capitalism to socialism. As Engels wrote, more than one hundred years ago, about the possibility of abolishing private ownership by peaceful means, “It is to be desired that this could happen, and Communists certainly would be the last to resist it.”¹

Marx noted that under certain historical conditions it would be more sensible and expedient for the working class, having assumed political power, to promote a peaceful victory of socialism by paying off the bourgeoisie and in this way paralysing its resistance to socialist changes.

¹ Frederick Engels, “Principles of Communism”, in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 6, p. 349.

Elaborating on this position, Lenin inferred that in order to facilitate the transition to socialism and avoid disordering social production, it would be appropriate to pay the capitalists if the prevailing conditions would be such as to allow for the latter's peaceful submission and for an organised transition to socialism on such terms.

To choose a peaceful way means to save many lives and immense material values. It is the least painful and most expedient way as far as the working people are concerned. Still, the choice of the ways of building the new society does not depend solely on the working class. It also depends on the objective correlation of class forces, on the extent to which the exploiting classes resist the working class, or their readiness to yield if they see that to resist would be hopeless.

History shows that in seeking to preserve their rule, the exploiting classes resort to the utmost extremes. The Paris Commune was drowned in blood (1871). Seventy thousand were either shot or sentenced to hard labour, or else thrown in prison; such was the price the Paris proletariat paid for its attempt to undermine the foundations of society based on private ownership and exploitation.

The Russian capitalists and landowners, who were not reconciled with the victory of the working people in October 1917, launched a civil war. The October Revolution was, in fact, bloodless.

So the blame for so much blood shed in the civil war that followed the Revolution lies, not with the Russian workers and peasants, but with the forces of internal and external counter-revolution which impelled the working people to take up arms in order to protect the gains of the Revolution. During the transition period, the proletariat seeks to rely, not on violence but on peaceful methods of coercion to be employed towards the exploiting classes: the expropriation of the exploiting classes, the restriction of their political rights, their compulsory involvement in labour, etc. It is not possible to achieve a transition to socialism without coercion of this kind. It would be naive to suppose that the exploiting classes would put up no resistance and willingly accept the new social order, thus parting with their wealth and privileges. In any event, this is coercion of the overwhelming majority (the working people) exercised towards the exploiting minority.

It is relevant to note still another important feature of the dictatorship of the proletariat. Any exploiting class, once it has seized state power, seeks to sustain and perpetuate its rule by all available means. Such was the case with the slave holders and the feudal lords, and it is the same with the bourgeoisie. The situation changes for the first time in history when the working class comes to power.

The Dictatorship of the Proletariat As Democracy for the Majority

The dictatorship of the proletariat opens the age of genuine people's rule. Under it, the working people are actually guaranteed freedom, and all the political and social rights. Not only the principal means of production become state property. Cultural and education institutions, the press, television, and radio, all become the property of the people. By giving the working people the broadest democratic rights, the dictatorship of the proletariat at the same time abolishes the privileges and substantially restricts democracy for the exploiters. Proletarian power gives the right of freedom of the press and the right of freedom of assembly only to the working people and their organisations, only to those who work for the interests of socialism.

Lenin emphasised that the question of democracy boils down to the following: which class enjoys democracy, which class exercises dictatorship, and over which class dictatorship is exercised.

"The bourgeoisie," Lenin wrote, "are compelled to be hypocritical and to describe as 'popular government' or democracy in general, or pure democracy, the (*bourgeois*) democratic republic which is, in practice, the dictatorship of the bour-

geoisie, the dictatorship of the exploiters over the working people ... for the emancipation of labour from the yoke of capital there is no other way but to replace this dictatorship with the *dictatorship of the proletariat*.

“The dictatorship of the proletariat alone can emancipate humanity from the oppression of capital, from the lies, falsehood and hypocrisy of bourgeois democracy—democracy *for the rich*—and establish democracy *for the poor*, that is, make the blessings of democracy really accessible to the workers and poor peasants.”¹

Forms of the Dictatorship of the Proletariat

The historical experience of transition to socialism has shown that the concrete form of the proletarian dictatorship state varies from country to country, as determined by the character of the internal and external conditions of transition. Peculiar as these forms may be, they are essentially alike and have a number of common fundamental features.

The 72-day long Paris Commune was the first form of proletarian dictatorship in history. It destroyed the bureaucratic and police machinery of

¹ V. I. Lenin, “‘Democracy’ and Dictatorship”, *Collected Works*, Vol. 28, 1977, p. 370.

the old state and set up a state of a new type—the first historical form of the dictatorship of the proletariat. Although it was short-lived, it developed many essential features of organised working-class power.

The Soviets, first established in Russia in 1905, were developed on a wide scale following the October Revolution of 1917. They vividly displayed the essential features common to all forms of proletarian dictatorship.

And lastly, the people's democracy, which emerged in a number of European countries after the end of World War II, has also borne out the truth that the principal features, the essentials, are common to all forms of proletarian dictatorship.

Let us now look into these features.

The dictatorship of the proletariat—the state of the workers—is built in such a way as to involve the working people as closely as possible in the machinery of administration as distinct from bourgeois democracy where the working people are alienated from it. The working people elect their representatives to bodies of state authority and supervise their work. The representative state bodies cease to be a talking-shop, as in the capitalist countries, and become functional bodies. A streamlined state mechanism is built, based upon the principle of democratic centralism. The interests of society as a whole are inherently linked to

and coordinated with the interests of the collectives and each individual worker; centralised government is combined with the development of local initiative; the working people invariably take part in decision-making on matters of both local and nationwide significance.

Each form of proletarian dictatorship has displayed a number of specific features.

For instance, the peculiarity of the socialist revolution in Russia conditioned a marked stratification of class forces and a highly acute form of class struggle against the combined forces of the internal and external reaction. The Soviet state had to face the capitalist world alone. Due to this, it was compelled to disenfranchise the exploiting classes and exclude them from the political life of the country. Already at the initial stages of the revolution, the old state machinery was demolished and replaced with fundamentally new state bodies – the Soviets of Workers' and Peasants' Deputies. The dictatorship of the proletariat in the USSR was exercised under a one-party system.¹ There was only one party which expressed

¹ For a fairly short time, alongside the ruling party of Bolsheviks, also represented in the Soviet government was the party of SRs (Socialist Revolutionaries) which represented the interests of the petty bourgeoisie and broad peasant masses. Later, however, the SRs opted for struggle against the Soviet power, betrayed the interests of the peasants, and eventually left the historical arena.

the interests of all the working people led by the working class. It was the Communist Party. Hence, no other party was represented in the government. The political bloc of the Communists and non-party people, the representatives of which were elected to both the central and local bodies of state authority, took shape. Therefore, the one-party political system, and the leading and guiding role therein of the Communist Party, which expressed the interests of the entire working people and directed them towards common social goals, was the characteristic feature, the peculiarity of the Soviet form of the dictatorship of the proletariat.

A somewhat different form of the dictatorship of the proletariat during the transition period—people's democracy—took shape in a number of European states: Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania, and in a number of other countries. The conditions of historical development in these countries were such that, for a fairly long period, openly reactionary bourgeois parties functioned there side by side with political parties and political unions representing the interests of the various democratic strata of society, including the working classes (one such union was the Bulgarian Agrarian Union which comprised the agricultural workers who owned land).

The parties of the latter type participated, in

one way or another, in the anti-fascist struggle; they led the working people and the democratic forces. The anti-fascist and anti-capitalist struggle in these countries was spearheaded by the Communist and workers' parties. Thus, a firm political alliance would be formed within the framework of a Popular (National) Front or some other organisation integrating all the progressive democratic forces of the country. So a new historical form of the dictatorship of the proletariat came into being – the people's democracy. As distinct from working-class power in the Soviet state, it relied upon a multi-party system (with the Communists playing the leading and guiding role) and a coalition government and other bodies of state authority and administration, local and in the centre. With the formation of the socialist world system, there appeared more favourable international conditions for socialist construction in each of the people's democracies.

Unlike the USSR, in the people's democracies the exploiting classes were not disenfranchised. Certain elements of the old state apparatus (the police, etc.) were demolished, while some of the remaining ones were gradually transformed and successfully used by the new power. Thus, the Federal Assembly in Czechoslovakia and the Sejm in Poland were used as the organs of national representation.

Once the working class wins over political

power, its vanguard, the Communist Party, becomes the ruling party. As Lenin noted, "the dictatorship of the proletariat would not work except through the Communist Party."¹

The Communist Party, armed with the Marxist-Leninist doctrine, outlines ways to build a new society. For each particular country, and in accordance with the conditions prevailing there, its Communist Party works out the programme, strategy, and tactics of the working people's revolutionary struggle for socialism. The Communist Party explains its policies to the people and mobilises them to carry through these policies.

As the world revolutionary process continues and more and more countries break away from the system of imperialism, new historical conditions will bring about new forms of state power in the countries that have entered on the path of socialism. They will be essentially either the state power of the working class or the state power of the working class and the revolutionary-democratic forces (the peasants and other working classes) which in time will develop and evolve into the state power of the working class. Thus, the working class will lead the movement towards socialism, and its ideology and programme will

¹ V. I. Lenin, "Tenth Congress of the R.C.P.(B.)", *Collected Works*, Vol. 32, 1977, p. 199.

become the ideology and programme of all society.

The revolutionary-democratic dictatorship of the proletariat and the peasantry is a relevant stage on the way to the dictatorship of the proletariat in the countries commencing their movement for social progress and in the backward countries on their way to socialism.

Even in those countries where the working class is still in its embryo form, has not yet fully developed, in countries, that is, which have skipped the capitalist stage of development and are moving directly towards socialism (such as Mongolia), the penetration of the working-class scientific outlook, Marxist-Leninist ideology, into other revolutionary strata and its impact there enables the power of the revolutionary peasants to lead the country to socialism, albeit through many long and complicated stages. However, as the economy begins to develop at a faster rate and as the strength of the working class and its influence on other strata of the population grows, state power gradually acquires a socialist content and starts to fulfil the functions of the working-class state. The movement to socialism is not possible without the working class holding power, without its ideology playing the predominant role in society. And petty bourgeois "imitations" of socialism cannot prevent society's stratification into the rich and the poor, the exploiters and the

exploited. Only the dictatorship of the proletariat is able to lead the working people in the building of truly new, progressive and just social system which ensures the limitless progress of the social productive forces and hence the welfare and well-being of each and every person.

CHAPTER
THREE

HOW THE SOCIALIST
ECONOMY IS BUILT:
KEY TASKS
AND APPROACHES

**Taking Over the Commanding
Heights in the Economy**

The establishment of the working people's power in the course of a socialist revolution does not immediately make socialism, for the chief economic levers still remain in the hands of the propertied classes. In order to commence the building of socialism, the working people must socialise the key means of production or, in other words, take over the commanding heights in the national economy. This is achieved as the proletarian state proceeds to nationalise these key means of production, i. e. to take them away from the propertied classes and turn them over to the whole society.

Marxist-Leninist theory proves that the socialisation of large-scale

private property must be approached differently from that of small-scale private property. Large-scale capitalist property, based as it is on unearned income, must be expropriated without compensation, or else it may be bought out and become the property of the people, while the property of the small peasants, artisans and craftsmen is to be socialised on other terms; expropriation is out of the question here. The transition from small-scale commodity production to socialism (to be discussed later in more detail) is possible only through a gradual voluntary integration of the earned property of small-scale producers.

The experience amassed by the USSR and the other socialist countries, shows that nationalisation of the key sectors of the economy must begin immediately after the working people take the power.

Even under capitalism, the principal means of production begin to outgrow the boundaries of individual enterprises and the industrial sectors, and become increasingly social in character. Consequently, an urgent need arises to manage them on social scale.

In order to make big capital submit to this, it is equally necessary to deprive it of both political and economic power. Nationalisation undermines the economic basis for the rule of monopolies.

Finally, nationalisation is necessary to build the economic basis of the dictatorship of the proletariat—the power established in a socialist revolution.

The experience of building socialism has revealed the following basic forms and methods of nationalisation:

- 1) confiscation (expropriation without compensation) of all the means of production belonging to the exploiting classes;

- 2) acquisition of the means of production through compensation paid to the previous owners;

- 3) stage-by-stage transformation of capitalist ownership of the means of production into socialist ownership by means of various forms of state capitalism.

The choice of method is determined by the historical conditions in the country where the socialist revolution is unfolding: the level of productive forces, and the correlation of class forces internally and externally. Different though these methods, conditions and rates of nationalisation may be from country to country, they have the same aim—elimination of the capitalist and the establishment of the socialist type of ownership.

In the Soviet Russia, for example, large-scale industrial enterprises, banks, foreign trade, and the bulk of transport were all immediately expropriated without compensation, and nationalised.

Initially, a special decree of the Soviet government stipulated that interest be paid on assets, dividends, shares and stocks of the nationalised concerns to certain categories of capitalists. However, the bourgeoisie, hoping for a speedy collapse of Soviet government, violently opposed the new social order from its very formation. This, in turn, could not fail to evoke a quick and resolute response from the dictatorship of the proletariat, and thus the nationalisation of the basic means of production was completed during a very short historical period through the confiscation of all private property.

During the initial stages of the Great October Socialist Revolution, the working people had already taken over several large industrial enterprises. In December 1917, the banks were nationalised. Formerly the tool of monopolies, they came under public control and accounting, and became an important instrument of power of the workers and peasants.

In early 1918, the socialist state took over the railways, the means of communication, and the sea and river fleets. The state monopoly of foreign trade was of immense importance. International private trade was prohibited and foreign trade became the province of the state.

Nationalisation of capitalist property was vital for it resolved the principal contradiction of capitalism – that between the social character of pro-

duction and the private character of appropriation.

From "War Communism" to the New Economic Policy

The theoretical foundations for the economic policy in the transition period were first laid down by Lenin in the spring of 1918. However, because of civil war (then in progress), foreign military intervention, and disruption of the national economy, the young Soviet state found itself in such grave economic conditions that it had to introduce the policy of "war communism".

Soviet Russia was like a besieged fortress, encircled by war and stifled by economic blockade. The Soviet state was forced to adopt "war communism" in order to ensure victory over internal counter-revolution and military intervention by imperialist states. The working-class state received agricultural produce from the peasants, political allies of the working class, virtually free. The peasants delivered to the state, at fixed prices, all their surplus agricultural produce. In order to mobilise all of the industrial resources, which were extremely limited, management of industry was strictly centralised. Work conscription was made compulsory for everyone. In the cities and industrial centres, rationing was introduced.

Free trade was prohibited. The value of the rouble depreciated considerably; the economy was gradually placed on a subsistence footing. The building of socialism did not begin until the civil war was ended and foreign military intervention was routed.

Under the direction of Lenin, the Party worked out what became known as the New Economic Policy (NEP) for the period of peaceful construction which began in 1921. NEP was aimed at building a socialist economy. It is of international significance as its main principles and tasks are applicable in any country entering the transition period. NEP is an economic policy whose goal is the transformation of a multistructured economy into an integrated socialist economy.

This policy necessitates that the state take the following major steps: take over the commanding heights of the economy; ensure the rapid and dynamic development of the socialist sector; exert a purposeful influence upon the development of commodity exchange between socialist industry and small-scale peasant farmsteads; employ various forms of state capitalism in the interest of socialist construction; allow for the operation of private capital on exact state-imposed terms; ensure the victory of the socialist elements in the life-and-death struggle against the capitalist elements.

In the resulting conditions, when a socialist

state is under attack, or in the midst of a civil war (as a rule, the imperialists use all their means to sustain the war), it is impelled to resort to an economic policy which, to varying degrees, is similar to the policy of "war communism" as applied in the Soviet state. It is no wonder, then, that the implementation of the tasks of socialist construction must be postponed and is impeded, with most of them taking more time than planned.

A significant facet of the New Economic Policy vis-à-vis the peasants was the development of a regular exchange in kind of agricultural produce for industrial goods supplied by the cities. In 1921, a tax in kind was introduced in Soviet Russia, and the peasants were allowed to sell their surplus produce on the market. Now they had incentives to expand agricultural production. In turn, revitalisation of agriculture made it possible to restore and reorganise the state-owned industrial sector which had been demolished by the civil war and the armed intervention.

At a time when private peasant holdings were predominant in the countryside, the free trade system furthered the stratification of the peasantry and increased the number of wealthy peasants (*kulaks*). To satisfy the peasants' need for industrial goods as quickly as possible, it was essential to allow some private capitalist production in industry. Hence there was a certain revita-

lisation of capitalism in the economy. However, the commanding heights remained in the hands of the workers' and peasants' state. Private capitalist production was placed under government control, and thus appropriate restrictions were set on the operation of the capitalist elements. Due to its economic advantages, large-scale socialist industry proceeded to dominate the peasant market, gradually forcing out the capitalists.

During that time the state system of socialist planning was developed. In February 1921, the government issued a decree setting up the State Planning Committee (Gosplan) which was to be in charge of drafting national economic plans. The local governing bodies (Soviets), their economic agencies, and the state-owned enterprises and amalgamations were given extensive rights in managing current economic activities. Commodity-money relations – profit-and-loss accounting, material incentives, crediting, and profit – were introduced on a wide scale. First, big industrial enterprises (trusts) adopted the profit-and-loss accounting principles; eventually, so did state-owned enterprises in industry, trade, and agriculture (state farms as well).

State management of socialist changes in the national economy during the transition period means direct management of the socialist (public) sector on a planned basis, and, at the same time, government regulation of the development of the

peasant economy as well as the private capitalist sector in the cities and in the countryside—wealthy peasant holdings and small-scale industrial enterprises. This regulation is achieved through a range of economic measures such as a system of contracts, government credits, taxation, and other economic levers. State capitalism occupies a special position in the economy of the transition period. It is not like the state capitalism which exists, in one form or another, in every bourgeois country. During the period of transition from capitalism to socialism, such state capitalism is allowed, employed, regulated, and controlled, not by the bourgeois, but by the socialist state.

The socialist state employs state capitalism to organise large-scale production; to put under control the spontaneous action of the petty-bourgeois element in the national economy; to develop natural resources; to ensure the speedy introduction of the latest achievements in science and technology and the use of modern methods of organising large-scale production; to set up a system of accounting and distribution of products; and to establish a reliable system of management. It follows that the allowance and employment of state capitalism in the transition period is of greater benefit in countries with a low level of economic and technological development.

The actual form of state capitalism in any

given country is determined by its individual historical conditions. It may take the form of concession, i. e. a contract granted by the socialist state to a foreign capitalist enterprise, or to a local capitalist enterprise which operates on terms specified by the socialist state and under its direct control. Some of the enterprise's profit goes into the state budget, and another portion must be allocated to improve working and living conditions of the employees, i. e. to satisfy their social needs, etc. State capitalism may take a form of a state-owned enterprise which is leased to a private businessman on specified conditions and for a specified term. Still other forms include: joint (state-cum-private) shareholding companies which appeared in industry and trade, private trade outlets selling the products of state-owned enterprises on a commission basis, and capitalist cooperation as a form of organising large-scale industry and distribution.

State capitalism enables the state to extend its control over the capitalist sector so that the latter follows the objectives of national economic plans.

Commenting about the international significance of the NEP, Lenin said: "This task which we are working on now, for the time being on our own, seems to be a purely Russian one, but in reality it is a task which all socialists will face."¹ His-

¹ V. I. Lenin, "Ninth All-Russia Congress of Soviets", *Collected Works*, Vol. 33, 1973, p. 177.

tory has proven him right. Economic policies pursued in the transition period in other socialist countries have been founded upon the same principles as the NEP in the USSR.

Meanwhile, their way to socialism was simpler and shorter because the existence of the USSR and the formation of the socialist world system barred civil war and military intervention by world imperialism. Peaceful socialist construction began immediately after a popular democratic revolution and the transfer of power into the hands of the working class, and socialist changes took such countries less time to complete.

Socialist Industrialisation

The thrust of economic policy in the transition period is steadily towards socialist industrialisation. Large-scale industry, primarily heavy industry which turns out up-to-date means of production for all branches of the economy, is the foundation on which the organisation and strength of the working class are developed and sustained. Therefore, those countries where large-scale industry was insufficiently developed, if at all, prior to the socialist revolution, must develop such industry.

Socialist industrialisation implies such rates of growth of large-scale machine industry that the latter takes the leading role in the national

economy, promoting industrial development of other branches of the economy, primarily agriculture, and ensures victory for socialist forms of production. Highly developed industry (especially heavy industry) makes a country that is building socialism economically and technologically independent of the capitalist states, lays the foundation for its economic and defence potential, and strengthens socialism in its struggle with capitalism, both within the country and internationally.

Socialist industrialisation is drastically different from capitalist industrialisation in its forms and methods, as well as in its economic and social consequences.

Capitalist industrialisation increases the antagonistic contradiction of capitalism, aggravates economic crises, intensifies the exploitation of the working people, and increases unemployment. Socialist industrialisation, meanwhile, builds an appropriate material basis for a constant rise in the people's standard of living and cultural level, eliminates the differences between town and country and between mental and manual labour; and ends unemployment, a holdover from capitalism.

Unlike spontaneous capitalist industrialisation, socialist industrialisation proceeds on a planned basis.

In the USSR, industrialisation proceeded on

the basis of the State Plan for the Electrification of Russia (GOELRO), projected over 10 to 15 years. The Plan provided for socio-economic and technological renovation of the national economy, charted the primary directions for the development of fresh productive forces on the basis of electrification, comprehensive use of natural wealth, and introduction of new technologies. The central ideas of the Plan were evolved in separate five-year plans of economic development, primarily in the First Five-Year Plan, (1928-1932), which has gone down in the history of the USSR as the plan of socialist industrialisation.

In their industrialisation effort, the bourgeois states obtain resources by plundering their own and other nations through such means as exploitation of workers and peasants, seizure and plunder of colonies, retributions laid on defeated nations, and crushing loans granted to other states. In contrast, socialist industrialisation is achieved through mobilisation of the domestic resources—the income earned by state-owned enterprises and banks, domestic and foreign trade, etc. Expropriation of the property of the capitalists and landlords releases the means that were formerly parasitically consumed by the ruling classes. With nationalisation of the land, or as result of fundamental agrarian reforms, the peasants are freed from the lease and mortgage payments, providing part of the capital needed for in-

dustrialisation. A portion of the working people's savings is allocated for industrialisation through the issuance of bonds and government crediting. Given favourable circumstances, the country in the process of building socialism may also use foreign loans for the purposes of industrialisation. Sometimes, in order to achieve industrialisation, the country must severely economise to provide for the vital needs of socialist construction. This is even more the case when the country is struggling alone, without any external help, as was the case in the Soviet state where the alliance of the proletariat and the peasants achieved the first victorious socialist revolution.

Socialist countries feature high rates of socialist industrialisation. Such rates are possible due to a number of objective conditions: public ownership of the means of production predominates under socialism: the working people, as the real masters of their country, are interested in the expansion of production; and the national economy develops on a planned basis. To illustrate: in the USSR, industrialisation took approximately 13 years (from 1929 to 1941), while in Britain, in Germany, and in the USA it lasted several dozen years. The high rate of industrialisation in the USSR was a necessity because, during the period of socialist construction, the country was under a constant threat of a military attack by the capitalist powers which encircled it.

In the period between 1929 and 1937, the average annual growth rate of industrial output in the USSR came to more than 18 per cent. The highest rates of industrialisation were registered in the previously backward regions populated by national minorities. During the first five-year period, the overall gross output of large-scale industry in the Soviet Union grew by 130 per cent, while it increased by 430 per cent in Tajikistan and in Georgia, by 400 per cent in Kirghizia, and by 220 per cent in Kazakhstan. This was a decisive factor in overcoming the backwardness of the economies of the national republics and for equalising the economic development of various regions.

Given the existence of the world socialist system, the countries building socialism can rely in their industrialisation not only on domestic resources but also on credits (supplied on favourable terms) from the Soviet Union and other socialist countries. Similarly, industrialisation is accelerated by the mutual assistance of the socialist countries in developing science and technology, providing up-to-date equipment, and training of personnel.

Socialist Transformation of Agriculture

The development of socialist relations within the context of agricultural production and its trans-

formation into large-scale cooperative production presents one of the crucial objectives to be realised by the proletariat's economic policies during the transition period. The principal condition of its implementation is the fundamental changes which occur in the relationship of land ownership, in particular, nationalisation of the land. Lenin emphasised that, "nationalisation of the land is not only 'the last word' of the bourgeois revolution, but also *a step towards socialism*."¹

By the time a socialist revolution occurs in a country, there are two major forms of privately-owned holdings in its agricultural economy: latifundia and farms owned by big landlords and capitalist lessees; and small-scale peasant holdings. The two forms are cardinally different: the first is based upon wage labour, the second upon the work of the peasant and his family. The socialist change of agriculture in the transition period proceeds along two lines: 1) organisation of government-owned agricultural enterprises on the basis of those confiscated from big landowners; and 2) peasants' voluntary transfer to cooperation.

Large state-owned holdings are set up on the basis of private land holdings immediately after the victory of the revolution. These are: state

¹ V. I. Lenin, "The Agrarian Programme of Social-Democracy in the First Russian Revolution 1905-1907", *Collected Works*, Vol. 13, 1978, p. 430.

farms in the USSR, people's estates in the German Democratic Republic, etc. These farms provide an example for the numerous small peasant holdings of the advantages of large-scale socialist production which relies upon machine technology and socialist organisation of labour. State-owned enterprises render economic assistance to the newly-created peasant cooperatives in cultivation and livestock breeding, and, most importantly, provide tractors and other machinery for field work.

In the USSR, as well as in most of the other socialist countries the transformation of agriculture occurred largely by production cooperation of small-scale commodity-producing peasant holdings. This way of the peasants' transition to socialism, worked out by Lenin, has been proven correct by the record of many socialist countries. In fact it is the only correct way, for it takes into account the peculiarities of the peasant holdings and the psychology of the peasant.

This way makes possible the overcoming of economic backwardness inherent in small-scale agricultural production which is not geared to machine technology and modern scientific achievements. As a result, productivity is very low and cannot provide for the steady improvement of material and cultural standards; nor does the peasants' labour become easier. Only the progress of socialist production, which is based upon col-

lective labour, can lay down a solid economic foundation for the constant improvement of the peasants' welfare.

Production based upon small-scale private property is inevitably behind socialist production, notwithstanding the latter's assistance, and hence cannot fully satisfy either the urban population's growing demand for food nor industry's demand for agricultural raw materials. It is only by replacing small-scale peasant commodity production with large-scale mechanised production, with its high rate of output, that the lag can be reduced and a constant rise in agricultural productivity ensured, thus satisfying the growing demand for agricultural products.

It is necessary to ensure a socialist transformation of small-scale commodity production in town and in the countryside for another very important reason. Small-scale production is a breeding ground for capitalist elements, because, as it advances, it induces the stratification of the peasantry and hence a rise of capitalist elements. The danger posed by the rise of capitalism in agriculture must be eliminated if the gains of the socialist revolution are to be upheld and socialism is to be built. State power in the hands of the working class must have a reliable footing in industry as well as agriculture. This is provided by production organised on socialist principles.

Communist and workers' parties are firmly

against expropriating small and middle producers who rely on their own labour. As Engels wrote, "we shall not even think of forcibly expropriating the small peasants (regardless of whether with or without compensation), as we shall have to do in the case of the big landowners. Our task relative to the small peasant consists, in the first place, in effecting a transition of his private enterprise and private possession to co-operative ones, not forcibly but by dint of example and the proffer of social assistance for this purpose."¹

Lenin showed that when state power is in the hands of the working class, when a firm alliance between the workers and the peasantry has been established, and when public ownership of the means of production predominates, voluntary cooperation in agricultural production, that is, the replacement of private peasant ownership of the means of production with social (collective) ownership, is the basic socio-economic form of the transformation of small-scale private agricultural production into socialist agricultural production.

Agricultural cooperation in countries building socialism is essentially different from that in bourgeois countries where the predominance of private capitalist ownership makes agricultural co-

¹ Frederick Engels, "The Peasant Question in France and Germany", in: Karl Marx and Frederick Engels, *Selected Works* in three volumes, Vol. 3, p. 470.

operation just another form of capitalist production relations. When there is a dictatorship of the proletariat and social ownership of the means of production, production cooperation, while retaining its old form, changes its social essence. It becomes part of the socialist economic relations, and is filled with socialist content. As Lenin wrote, "And given social ownership of the means of production, given the class victory of the proletariat over the bourgeoisie, the system of civilised co-operators is the system of socialism."¹

Agricultural cooperation is achieved as the peasants gradually proceed from the simple forms of cooperation (supply and distribution) to higher and more stable forms of cooperation in production. Even in the simplest forms, there are certain degrees of integration of private and public interest. As the peasants acquire experience in production cooperation, they can clearly see the advantages, offered by the large-scale collective enterprise.

That this be accomplished on a voluntary basis is one of the fundamental principles of socialist cooperation. As Lenin wrote "While encouraging co-operatives of all kinds as well as agricultural communes of middle peasants, representatives of Soviet power must not allow the slightest coercion

¹ V. I. Lenin, "On Co-operation", *Collected Works*, Vol. 33, p. 471.

to be used in setting them up. Associations are only worth while when they have been set up by the peasants themselves, on their own initiative, and the benefits of them have been verified in practice."¹

To sustain and develop socialism in the countryside, the proletarian government renders the toiling peasants considerable assistance: it supplies the cooperatives with machinery and provides extensive credit and other forms of financial aid on favourable terms. Experience has proved that financial support from the ruling class is essential for the emergence of a new social order.

It is very important that the suitable organizational form of collective farming be chosen for application in agricultural cooperation. Choosing the one in which the interests of the social economy and the peasants are most effectively combined is essential. The simplest form of production association is the socialisation of labour during essential seasonal work, with the means of production remaining as individual private property. This form, however, does not encourage the use of modern technology or raise labour productivity; therefore it can only be a temporary stage on the way to a higher form of agricultural cooperation whereby the key means of produc-

¹ V. I. Lenin, "Eighth Congress of the R.C.P.(B.)", *Collected Works*, Vol. 29, 1977, p. 218.

tion are linked with peasant labour – the cooperative of the *artel* type.

When joining in an *artel*, peasants who work their own holdings voluntarily submit their own key means of production into collective ownership. Their collective production, to which each of them is obliged to contribute by his own labour, is the chief source of income. A portion of the *artel*'s income is spent for the satisfaction of the members' personal needs, and is distributed among them according to quantity and quality of work done by each; another portion goes towards the expansion of the enterprise and towards satisfying common needs. To a specified extent, the members continue to work their personal subsidiary holdings on land plots allotted to them by the *artel*, on which they grow vegetables, keep the livestock and poultry permitted by the law, etc.

Socialist transformation of the Soviet village was effective because the nationalisation of the land weakened the age-old tenacity with which the peasants had clung to their personal plots. Mechanized agricultural production was of considerable significance as well. State farms provided a striking example of the advantages of the large-scale socialist economy and were a bulwark for the newly-established collective farms.

The reorganisation of the agrarian sector in the Soviet economy, carried out in accordance with Lenin's plan of cooperation, accelerated the

growth of the productive forces in agriculture and ensured a planned, proportional development of the national economy. The experience of the USSR has won international recognition as a substantial contribution to the theory and practice of socialist construction.

In a country which is building socialism, the peculiarities of agricultural cooperation are shaped by the actual historical and socio-economic conditions. Often, private ownership of the land is preserved. The members' plots of land are incorporated into their membership shares, and income is distributed, for a specified period, according to the quantity and quality of labour and according to the size of share of the land of each member of the cooperative. In people's democracies, production cooperation was carried out with the experience and help of the Soviet Union and other socialist countries. Characteristic of this type of cooperation is a great variety of form.

When agricultural cooperation is completed, socialist production relations play the prevailing, predominant role in the entire national economy. Private ownership remains in the sphere of distribution and services (trade and public catering). The transforming of these areas along socialist lines is effected through developing a state-owned and cooperative network of trade and catering outlets and other services. To organise and de-

velop a large-scale industrial and agricultural production based upon up-to-date technologies, it is essential to raise a socialist intelligentsia, to train managerial, engineering and technical personnell and skilled workers. This is achieved in the course of a cultural revolution whose objectives are universal literacy, dissemination of scientific knowledge among the working people, providing the broad working masses with access to the cultural heritage of the preceding generations, and an overall advance of all forms of culture.

The origination and development of socialist culture is a giant step forward in society's intellectual growth. Broad sections of the working people are given access to political life, scientific and technical knowledge, cultural values; spiritual life is enriched. Petty-bourgeois psychology with its characteristic attitude towards social wealth and labour, is gradually overcome. It is replaced by a fundamentally new economic mentality, and with it, a socialist attitude towards labour as man's most important duty vis-à-vis society.

The transition period is completed with the building of socialism—the first phase of communism. This means that the country has built the material and technological base of socialism, achieved the transfer of the multistructured economy into a single, socialist economic structure, and eradicated the exploitation of man by man.

The Material and Technological Base of Socialism

In the process of socialist industrialisation and transformation of agriculture, the material and technological base of socialism is laid. It relies on large-scale socialised machine-based production in all sectors of the national economy, and is based upon electrification and extensive application of scientific and technological achievements. It operated on a planned basis and is geared to meeting the increasing material and intellectual demands of the working people.

Large-scale production originates under capitalism. Capitalism, however, does not allow for coordinated development of the entire economy as an integral whole. As a result, there emerge appreciable differences in technological level between various enterprises, economic branches, economic and national regions, and countries. Because of these differences, the colonial and dependent states are doomed to backwardness.

The socialist state carries out enormous work in rebuilding large-scale machine industry or creating it anew (as in the USSR where it was destroyed by civil war and foreign armed intervention). At the same time, it gradually rids the inherited material and technological base of its capitalist limitations, and opens the way for scientific and technological advances for the benefit of

all the working people.

Lenin examined the trends in the scientific and technological progress in the early twentieth century and stressed the immense significance of electrification for the socialist transformation of the economy. He realised that the electrification of the country, and the introduction of new technologies and organisation techniques based upon the use of electric power, were necessary material and technological conditions for the victory of socialism.

What makes electrification so important is that it provides for the economy the energy base which satisfies to the fullest extent the requirements of the large-scale social production and of the integral social production process. Electric power ensures smoother work of the machinery; it is easily transformed into other forms of energy (thermal, mechanical, and chemical) employed in production; and it can be derived from various sources. Because it can be transmitted over enormous distances, it makes it possible to set up giant electric power systems. Electric power can be increased and decreased, and therefore is usable in engines of all capacities. These reasons explain why electricity is the most adequate energy base of contemporary production.

Lenin wrote: "A large-scale machine industry capable of reorganising agriculture is the only material basis that is possible for socialism. But

we cannot confine ourselves to this general thesis. It must be made more concrete. Large-scale industry based on the latest achievements of technology and capable of reorganising agriculture implies the electrification of the whole country.”¹

Lenin’s conclusion had a special significance to the conditions prevailing in Soviet Russia. Prior to socialist construction, the industry in the economically developed centres of the country mainly relied on steam power. Hence the question arose of what technological basis was to be used for rebuilding industry, transport, and other branches of the economy.

The building of the material and technological basis of socialism was completed due to the implementation of the State Plan for the Electrification of Russia (GOELRO) and the first two five-year plans of economic development. In 1937, the last year of the second five-year period, the volume of large-scale industrial production was eight times that of the year 1913, with over 80 per cent of the total industrial output contributed by the new or fully reequipped enterprises. The electrification of the country increased the availability of power per worker in industry, which by 1940 was five times superior to the 1913 level. New progressive production proportions were established between

¹ V. I. Lenin, “Third Congress of the Communist International”, *Collected Works*, Vol. 32, 1977, p. 459.

industry and agriculture, the manufacture of the means of production and the manufacture of consumer goods and, within each of these areas, between various branches of the economy. The share of the socialist sector in the aggregate industrial and agricultural output rose to 77.7 per cent in 1937.

The building of the material and technological base proceeded alongside the development of the chief productive force—the working people. In 1937, the total number of manual and office workers employed in the national economy was 2.5 times higher than in 1913. As the technological base of the national economy continued to grow, the working people reached considerable successes in mastering new technologies. Socialist emulation¹ developed, and with it the drive for innovation known as the Stakhanov movement.²

Given the world socialist system, the tasks involved in the building of the material and techno-

¹ A method of promoting working people's initiative aimed at raising labour productivity and production efficiency. Socialist emulation helps those who lag behind to attain the level of front-rankers.

² The mass movement of innovators and front-rank workers in the USSR for higher labour productivity and better uses of technologies. The movement originated in 1935, when the Donets Basin coal miner Alexey Stakhanov produced 102 tons of coal per shift (14 daily quotas)—Tr.

logical base of socialism are settled in each country as determined by its role in the developing international socialist division of labour, and the possibilities offered by economic cooperation and mutual aid between the countries building a new society. Learning from the experience and relying upon the economic and technical aid of the USSR, other countries which have chosen the socialist path have scored many successes in building the material and technological base of socialism and in mastering the achievements of the scientific and technological revolution.

The Question "Who Will Win?" Is Settled in Favour of Socialism

As the objectives of the transition period are reached, the multistructured economy is eliminated, and in its place comes the complete domination of the socialist relations of production based upon large-scale machine production. The question "Who will win?"—decaying capitalism or upcoming socialism—is settled in favour of socialism. Public (state) ownership of the means of production is firmly established in industry; public and cooperative ownership, in agriculture. A system of state and cooperative trade takes shape, the latter catering largely to the rural population and being essentially an association organised by the rural population on the coopera-

tive principle (consumer cooperation). Exploitation of man by man and the conditions breeding it are eliminated, and no one appropriates the results of another person's labour. Social production serves the purpose of satisfying, to an increasing extent, the needs of all society.

In the USSR, the national economy was socialist by the mid-1930s. The socialist sector had prevailed by the end of the transition period in other socialist countries as well. In the late 1970s, its proportion in the fixed production assets was 99.9 per cent in Bulgaria; 98.8, in Czechoslovakia; 99.4, in the German Democratic Republic; 99, in Hungary; 100, in Mongolia; 81.9, in Poland; and 99 per cent in Romania.

As the economic system of socialism is firmly established, a new class structure of society takes shape.

In the USSR, the collectivisation of peasant holdings throughout the country and the development of state farms created the material base needed to replace the produce of the wealthy peasant (kulak) farmsteads with the output of collective and state-owned farms. As a result, economic conditions were formed for doing away with the kulaks as a class. The kulaks, however, stubbornly resisted collectivisation and caused an acute class struggle to begin in the countryside. It thus became necessary to expropriate their property.

In people's democracies, the new correlation of

forces in the international arena, and the great impact exerted by socialism upon the hearts and minds of people, led to the bulk of the well-to-do population in the towns and countryside accepting the measures undertaken by the dictatorship of the proletariat. Therefore, most of them did not undergo expropriation. Those of the wealthy peasants who abandoned the exploitation of wage labour were admitted into cooperatives.

In the non-agricultural sectors, particularly in industry, public catering, and the services, private capital could not compete with state-owned enterprises, which had more advanced equipment and enjoyed the support of the state. Similarly, the socialised trade enterprises had gradually concentrated the bulk of the goods, which they sold to the population at prices lower than those of private merchants.

As the economic position of the socialist mode of production was consolidated, the proletarian state extended the regulation and restriction of the capitalist elements, gradually ousting the latter from the economy. As the state and the cooperative trade continued to progress, socialist firms and enterprises rejected the services of private middlemen (breaking contracts with those lessees of the enterprises who had failed to fulfil their commitments, substantially restricting the number of permits for setting up a trade outlet, promoting severe taxation policies, etc.).

As a result of fundamental socio-economic transformations the class structure of society also undergoes a change by the end of the transition period. In the USSR, for example, the exploiting classes in the towns and countryside (which had comprised 16.3 per cent of the population before the 1917 Revolution) were eliminated. The proportion of the industrial workers and employees had grown from 17 per cent in 1913 to 50.2 per cent in 1939. A new class emerged in place of private peasants and non-cooperated artisans (in 1913, comprising the bulk of the population – 66.7 per cent), the class of collectivized peasantry and cooperated artisans. In 1939, it made up 47.2 per cent of the population, while private peasants and non-cooperated artisans made up a meagre 2.6 per cent.

In other socialist countries, too, the class structure had cardinally changed by the end of the transition period. The 1965 national census in Bulgaria gave the proportion of the workers and employees as 58.8 per cent of the population, cooperated peasants and artisans, as 39.7 per cent; the respective figures of Hungary (1971) were 75.7 and 21.4; for the GDR (1971) – 82.3 and 11.7; for Romania (1966) – 52.2 and 40.9; for Czechoslovakia (1972) – 88.4 and 9.2

Freed from capitalist exploitation, the working class becomes the owner of the basic means of production, and the leading force of socialist

society. A fraternal union between the working class and the cooperated peasantry is forged; their fundamental interests no longer clash. The town renders the countryside an extensive economic, political, and cultural assistance. Once private ownership is eliminated, the fundamental difference between mental and manual labour is also eliminated. The vital interests of the intelligentsia – rooted in the classes of workers and peasants – coincide with the vital interests of the working class and the cooperated peasantry.

During the years of socialist construction, the economic, political, and cultural inequality of the nations comprising a socialist state is gradually overcome. Equality, friendly cooperation, and mutual aid of the socialist nations and national minorities replace exploitation and oppression.

Technological re-equipment of the socialist enterprises, higher levels of skills and culture, and a new, socialist, organisation of labour all breed conditions for a rapid rise in labour productivity. In 1940 the output of industrial workers in the USSR was 4.2 times that of the 1913 level and in other socialist countries, the material and technological basis of socialism and the higher level of skills and education of workers brought about the following increases in productivity among workers engaged in state and cooperative production in the period between 1950 and 1973: in Bulgaria, productivity rose 4.5 times, in Hungary,

2.7 times; in Poland, 2,8 times; in Romania, 5.8 times; and in Czechoslovakia, 3.7 times.

The foundations for a substantial rise in the working people's living standards are laid during the transition period. Based on public ownership of the means of production, the industrialisation of the country and the cooperation of the peasant holdings eliminate unemployment and help to achieve full employment of the able-bodied population. The high-rate and stable growth of socialist production steadily raises the working people's incomes.

In the USSR, real wages of industrial and construction workers had increased 2.7 times by 1940, as compared with 1913. In the same period, real incomes of the peasants (per one working peasant) increased by 130 per cent. From 1950 to 1973, real wages and salaries increased 3.1 times in Bulgaria; 2.2 times in Hungary; 4.8 times in the GDR; and 3.1 times in Romania.

The victory of socialism in the USSR was of world-wide significance. On one-sixth of the world's territory, it brought into being a socialist society, where the goal of production is the well-being of the working person. Socialist society has done away with exploitation, anarchy, economic rivalry, crises induced by overproduction, and has brought about conditions for rational exploitation of the material and labour resources. As stated in the 1936 USSR Constitution, "Soviet

power has carried through far-reaching social and economic transformations, and put an end once and for all to exploitation of man by man, antagonisms between classes, and strife between nationalities.”

The victory of socialism in the USSR and a number of other countries brought about the socialist world system and its progress shapes the development of our age.

CHAPTER
FOUR

AS MUCH IN COMMON
AS NOT

**Common Features
of the Transition to Socialism**

Today, with the progress of the socialist world system and the broad vistas which have been opened for the development of the world revolutionary process, the working class, and the Marxist-Leninist parties, are faced with the following urgent questions. What are the ways for transition from capitalism to socialism? What are the most appropriate forms of revolutionary struggle and construction of a new society? What, and in what way, may be used from the wealth of the Soviet Union's and other socialist countries' experience?

The socio-economic and political conditions of transition to socialism in different countries have as much in common as not.

In every country which has embarked on the road to socialism the transition period constitutes fundamental revolutionary changes which are determined by the common dictates of a proletarian revolution and the objective conditions faced, and have the shared goal of reaching the ultimate result of these changes—building a socialist society. Another feature in common with such countries is a working class headed by a Marxist-Leninist Party as the leading revolutionary force.

Therefore, the common features in the building of socialism are determined by the character of socialism as a new system—one that eliminates the exploitation of man by man, anarchy in production, and economic rivalry—and instead breeds relations of cooperation and mutual aid, develops social production on a planned basis with the express purpose of improving the welfare of the entire society, relates to all nations and national minorities on the basis of equality, and encourages the advancement of national economies and cultures. The principal distinctive features of the socialist system are the same in all countries that have commenced the building of socialism.

Thus, the following features determine the common characteristics of countries in the transition period: (1) the leadership of the working people by the working class headed by a Marxist-Leninist party, and the establishment of some

form of political power for the proletariat; (2) an alliance forged between the working class and the majority of the peasants and other working people; (3) elimination of capitalist ownership and establishment of socialist social ownership of the principal means of production, organised on the principles of socialist production; (4) a stage-by-stage socialist transformation of small-scale peasant holdings; (5) development of the national economy on a planned basis for the purpose of raising the standard of living of the working people and towards achieving a complete victory for socialism; (6) a cultural revolution and the emergence of an intelligentsia loyal to the cause of socialism, and the inculcation of socialist ideology; (7) abolition of oppression of national minorities and the establishment of relations among nations based on friendship and equality; (8) defence of socialism against the internal and external enemies; (9) international solidarity of the working class—proletarian internationalism.

History has shown that unless these common characteristics are present a socialist society can not be realised. Any attempts to belittle or scorn the role of the Communist Party as the guiding force, the necessity of the dictatorship of the proletariat, or any common basis of the transition period, can only impede the progress of socialist society and threaten the achievements of socialism.

The existence of these general laws, and their relevance, does not mean that the process of transition follows one and the same pattern in all the countries. Far from it. The peculiarities existing in each of them are sure to affect the functioning of the common characteristics of transition and to have a definite influence on the content, forms, and rates of transition. Lenin wrote: "All nations will arrive at socialism – this is inevitable, but all will do so in not exactly the same way, each will contribute something of its own to some form of democracy, to some variety of the dictatorship of the proletariat, to the varying rate of socialist transformations in the different aspects of social life."¹

Individual Distinctive Features of the Transition to Socialism

Individual distinctive features are conditioned by the actual (internal and external) conditions of the socialist revolution and the peculiarities of the country's economic and cultural life. Naturally, the building of socialism in a previously underdeveloped agrarian country is different from that in an industrially developed country. The forms and methods of socialist transformation depend on

¹ V. I. Lenin, "A Caricature of Marxism and Imperialist Economism", *Collected Works*, Vol. 23, 1977, pp. 69-70.

whether the socialist changes occur during a civil war or in peaceful conditions, and whether the changes take place in a country bordering on capitalist states or in one which is part of the socialist world system. Ultimately, the forms and methods of socialist change are reflected in the variety of the forms of state power, methods and rates of socialist nationalisation of private property, cooperation of the peasantry, sources and speed of industrialisation, variety of economic management forms, etc.

In any country the characteristic features of socialist construction depend primarily on the development of the socialist revolution, that is, on whether the working class assumed power as a result of an armed uprising or following a peaceful popular-democratic revolution which then developed into a socialist revolution. The working class of Russia took over state power through an armed uprising and proceeded to defend it militarily during a long civil war imposed by the bourgeoisie and against the forces of military intervention, launched by 14 imperialist powers. These conditions brought to life a particular form of proletarian dictatorship—power by the Soviets of the Workers', Soldiers', and Peasants' Deputies, that is to say, Soviet power.

A distinctive feature of Soviet power was that there was one party at the head of the state, the party of Communists (Bolsheviks) and, conse-

quently, one-party government. Following World War II, the working class in a number of European and Asian countries took over state power under quite different conditions—through the military rout of the most reactionary imperialist states, Germany and Japan, and through the military, political, and economic victory over the forces of fascism and militarism scored by the USSR, the first ever socialist state. Thus, in these European and Asian countries, the conditions were ripe for democratic, anti-imperialist revolutions to develop and mature into socialist revolutions peacefully, and without civil war. The result was another form of proletarian dictatorship—people's democracy.

Peaceful development of the revolution implies a gradual transition from bourgeois-democratic changes to socialist changes. This transition occurs against the background of peaceful contests between various parties, each of them tested by time, during the course of constitutional and parliamentary methods of political struggle. Hence, the political consciousness of the people is geared to the existence of several parties, parliamentarism, and a multi-party system is preserved in the political life.

This was the case in people's democracies such as Bulgaria, Czechoslovakia, the GDR, Hungary, and Poland. During the democratic, anti-imperialist stage of the revolution, petty-bourgeois,

peasant, and some of the bourgeois parties (those representing the interests of the national bourgeoisie) rallied around the communist parties as the chief organisers of the anti-fascist and national liberation struggles. The result was multi-party Popular Front governments. The programme of every national front provided for a steady democratisation of economic and political life, nationalisation of the big bourgeoisie property, and extensive involvement of the working people in government.

Democratisation of the society led to direct socialist changes. The political power by the working class assumed the form of a people's democracy, which preserved the Popular Front as the organisation that had made possible socialist construction through the cooperation of the communist and workers' parties, the petty-bourgeois parties (Peasant, Catholic, Liberal, Democratic, etc.), trade unions, and youth and women's organisations. Because of this, a multi-party socialist government was formed in most of the people's democracies.

Due to the progress of national liberation movements from the 1960s through the 1980s in former colonies and dependencies, the national-democratic revolutions there developed peacefully into popular-democratic, and eventually, into socialist revolutions. A national-democratic revolution is typical for a country without a work-

ing class or with an underdeveloped one. An example of this is shown by the experience of Laos. In the countries in question, a democratic, anti-imperialist revolution grew into a socialist revolution only after the working class and its party were formed.

It is also possible for a socialist revolution to occur peacefully in a developed capitalist country – provided that the majority of the people vote for a working-class party and that a communist or workers' party comes to be the ruling party, achieves a sweeping nationalisation of privately-owned businesses, democratises production management, and if the party puts into practice the principles of scientific socialism.

Whatever the historical or national peculiarities of transition, the essential condition is a political revolution and finally, the establishment of a socialist state (whether by peaceful means or through armed struggle) along with the assumption of political power by the working class. In each case, the struggle for power is inevitable (whether by armed or parliamentary means), as is the necessity of the organised activities of the working class, peasants, and intellectuals to defend the revolution and to fight for the achievement of real socialist changes in the political and economic life. It may also happen that the working class is forced to resort to arms when the domestic and external reaction organises counter-

revolutionary revolts or coup d'état attempts.

The character of a socialist revolution is largely dependent on whether other countries (most often, socialist ones) can guarantee non-interference by imperialist powers. For the people's democracies in Europe and Asia, the guarantee had been the USSR's victory over Nazi Germany and militarist Japan, the support rendered by the USSR to popular democratic governments, and their mutual political and economic assistance – all of which reduced the activities of both domestic and external reactionaries.

The emergence of public (state) socialist ownership in the transition period through socialist nationalisation of large-scale private property also varies from country to country. In the conditions of armed struggle or civil war, nationalisation assumes the form of confiscation of the property of the bourgeoisie and landowners, as was the case in the USSR where the land, industries and banks were all nationalised.

With peaceful development of a socialist revolution, nationalisation is carried out gradually, and confiscation of large and average-size property is combined with the payment of compensation for the confiscated enterprises to their former owners. One form of such redemption is the setting up of joint, state-cum-private, enterprises (called semi-state enterprises in the German Democratic Republic). These enterprises fulfil

plans established by the state, while the profit which they make is distributed on a specified proportionate basis between the socialist and the private owner. Joint enterprises make it possible to employ the capital and experience of the bourgeoisie to the benefit of socialist construction and to carry out nationalisation on a gradual basis.

All countries beginning socialist construction must accomplish *socialist cooperation of small-scale private, and chiefly peasant, holdings*. This is a law of socialist construction. The distinctive features of cooperation in each particular economy are determined by whether private ownership of the land is or is not preserved. In the USSR, production cooperatives were set up on the nationalised land, but in the people's democracies only a portion of the land was nationalised. The substantial portion that remained was the property of the peasants. In consequence, the formation and development of the socialist cooperatives there involved several stages, and several forms of such cooperation emerged.

There are four main types of cooperation. The first is the cooperative integrating the means of production and the peasant's labour but not the land. The peasants work together and rely on one another's help in tilling individual, privately owned plots of land. Each peasant is the sole owner of the produce of his plot of land. If his labour input is lower than the income earned, he

makes up the difference (in produce or money), and vice versa. The second type of cooperative integrates all the means of production including the land. The incomes are distributed among the peasants in accordance with the property share contributed by each (in the form of land or other means of production). The third type is the cooperative with production organised on a collective basis (integrates the land and the other means of production). Here from 70 to 75 per cent of the cooperative income is distributed according to labour input, and the remaining 25 to 30 per cent – according to the share of land and instruments. The fourth type is the purely socialist cooperative – all the key means of production are cooperatively owned, and the income is distributed strictly on the basis of labour input. The latter type gradually overcomes all the rest to become the sole form of the peasants' cooperation in production.

Whatever the form of cooperative prevailing in the transition period, the character of cooperatives is determined by their links with the predominant form of ownership of the means of production, i. e. state (public) ownership, with the system of economic planning, and with socialist democracy. The proletarian state renders the peasant cooperatives extensive material aid.

Socialist industrialisation in the transition period also varies from country to country. Its relevance

to the building of socialism is conditioned by the objectives of the transition period: to strengthen the positions of the state sector in the national economy, render the peasants material aid, raise the standard of living of the working people, and enhance the country's defence capability. The process of industrialisation in the countries which had an underdeveloped, agrarian economy prior to the revolution, is different from that in countries with developed industries and agriculture. For example, in Mongolia industry had to be built, and in Czechoslovakia, it had to be restructured and economically backward territories, industrialized. Socialist industrialisation is also greatly influenced by the prevailing international situation. The Soviet Union had to build socialism in a hostile capitalist world. Under those circumstances, in order to satisfy the needs of the country, it had to tackle a number of specific problems involved in accelerated industrialisation, securing a reliable defence, and developing all branches of the national economy.

When the socialist world system was established, extensive possibilities appeared for employing the advantages of the world socialist division of labour and, the international experience and assistance of other socialist countries (primarily the USSR). The Socialist Republic of Vietnam provides a striking example. The SRV was able to rehabilitate its economy, destroyed by

US aggression, and firmly establish a course of socialist change with the help of other socialist countries.

Most of the people's democracies lacked a number of major industrial sectors prior to the revolution. The extracting and processing of raw materials was developed at the expense of other industries. Thus, respective shares of machine-building and metal-working industries in the gross industrial output in the years before the Second World War were 2.4 per cent in Bulgaria, 7 per cent in Poland, 10 per cent in Romania and 14-15 per cent in Hungary.

Socialist industrialisation fundamentally changed the structure of these countries' national economies. By the mid-1960s, as compared to the prewar level, industrial production in the socialist countries had increased ten times, including an increase of over 23 times in Bulgaria, 12 times in Mongolia, over 11 times in Poland, and 8 times in Yugoslavia.

Major changes occurred in the structure of industrial production. For example, in Poland new industries were built, such as automobile, ship-building, metal-working machine-tools, aluminium, copper, mining and power-engineering equipment, steam turbines, ball-bearings, modern chemical and other products. Instrument making, electrical engineering and automatic machine-tool manufacture became major indus-

tries in a number of people's democracies. Thus, from 1950 to 1965, the output of the instrument-making industry in Hungary grew over 24 times; in Romania, 23; and in Poland, 16 times. In the GDR, the share of automatic and semi-automatic machine-tools in relation to the total output of the machine-tool industry had grown to 80 per cent by 1965. In Czechoslovakia, the output of automatic and semi-automatic lathes increased over 7 times during the period from 1951-1965. Thanks to the mutual assistance rendered by socialist countries, the industrial development proceeded at a fast rate and did not involve the drastic effort that had been required in the USSR.

The Mongolian People's Republic provides an interesting example of the transition from feudalism directly to socialism, bypassing the capitalist stage. Mongolia had no factory production prior to the revolution. Farming, as well, had occupied a modest place in the Mongolian economy. The country relied heavily on semi-subsistence nomadic livestock raising. Under those conditions, socialist industrialisation required the utmost use of the aid and experience of the USSR and other socialist countries and of the advantages of the international specialization in industry within the framework of the socialist world economic system. For countries lacking resources needed for industrialisation, credits and free aid given by other

socialist countries are of the utmost importance. It was due to this aid from the socialist world system that Mongolia was able to virtually leap from backwardness to progress.

Supplies of equipment, tractors, and other agricultural machinery from the USSR and other socialist countries, along with the transfer of knowledge and technology, and the training of personnel for the Mongolian economy, speeded up cooperation in agriculture and industrialization. By 1950, the basic production assets in the manufacturing and construction industries comprised 13.1 per cent of the total production assets in that country; by 1960, they had reached 15.8; by 1970, 22.5; and by 1980, 30.7 per cent of the total. Industrial production in 1960, accounted for 14.6 per cent of the national income, and in 1980—for 29.3 per cent. If the income of the building industry is taken into account, the 1980 figure rises to 35.4 per cent. The share of industrial production in the aggregate output of industry and agriculture exceeded 74 per cent.

In every socialist country, national peculiarities of socialist construction in the transition period have made an imprint on the system of economic management.

Socialist countries following the USSR's example, could rely on Soviet experience to resolve the problems of the transition period and enter upon a higher stage of socialist construction with a

lower expenditure and with fewer mistakes than the USSR. This also accounts for the national distinctions of socialist development. Many people's democracies have applied the Soviet experience of building socialism and further advancement of developed socialist society as they used the most progressive forms and methods of economic planning, management, and labour incentive schemes at the very start of socialist construction. In their turn, the relatively young socialist states such as Cuba, Vietnam, and Laos can rely in their development not only on the experience of the Soviet Union, but also on that of Czechoslovakia, Bulgaria, Hungary, Mongolia, etc. This process is also promoted by the strengthening and progress of the world socialist economy.

CHAPTER
FIVE

THE MULTISTRUCTURED
ECONOMY
OF THE TRANSITION PERIOD.
STRUCTURES AND CLASSES

Economic Structures

The economy of every country in transition from capitalism to socialism is multistructured, i. e. characterised by several types of social production, each with its inherent type of production relations and specific economic laws. These types of social production are called *economic structures* or sectors.

Although the actual number of economic structures and the share contributed by each to economic development varies from country to country, and taking into account individual historical conditions, three types of socio-economic structures inevitably occur in all countries in the transition period. They are: socialist, small-scale commodity, and capitalist. In

those countries with precapitalist production relations which bypass the capitalist stage in their transition to socialism, feudal and semi-feudal relations, and even sometimes remnants of primitive-communal relations, play a fairly significant role in the early transition period.

The socialist structure encompasses all nationalised industry and agriculture, transport, banks, trade, and cooperative enterprises. It is based upon social-state and cooperative-property which emerges as a result of nationalisation and cooperation, and constitutes the socialist sector of the national economy. With this structure in place, no exploitation of man by man is possible.

In the initial stage of the transition period, the scope of the socialist structure varies from country to country. However, even at this stage it plays the leading role in the overall national production, and its proportion steadily increases. This is because it is better organised and has more advanced production relations than other structures. It contains the biggest enterprises in the key economic branches, that is, controls the commanding heights in the national economy. Moreover, it enjoys the overall support of the proletarian state.

The capitalist structure is based upon private ownership of the means of production and exploitation of wage labour. It is comprised largely of

enterprises owned by national and foreign entrepreneurs in industry and trade and of large-scale private enterprises in agriculture.

The small-scale commodity structure encompasses isolated peasant holdings, small artisan businesses and other small-scale commodity-producing businesses which do not employ wage labour. Usually the share of this sector in the national economy is fairly large until massive voluntary cooperation of the peasants and artisans begins.

The small-scale commodity structure is intermediary between the other two. It is related to the capitalist structure in terms of private ownership of the means of production, but unlike capitalist production, relies on the personal labour of the owner of the means of production, and not on exploitation. The latter characteristic relates it to the socialist economic mode and creates possibilities for its gradual transformation into socialist production.

Small-scale commodity production was of considerable importance during the early transition period in a number of countries. Notably, in the USSR its share of the gross national product comprised 54 per cent in 1923-24.

Besides the economic structures listed above, there also exist the state-capitalist structure and the patriarchal structure.

The state-capitalist structure may assume different forms. Mostly, it is comprised of enterprises

owned jointly by the socialist state and capitalists, as well as solely capitalist enterprises (including those owned by foreign capitalists) operating on the basis of contracts with the state. The proletarian state employs national and foreign capital in order to promote those branches of the economy which it cannot quickly develop on its own. Once the commanding heights in the national economy are in the hands of the state, this economic structure promotes the development of the productive forces and, ultimately, the consolidation of the country's economic independence.

The particular features of state capitalism differed from one socialist country to another. In the USSR, the chief forms of state capitalism were foreign concessions, mixed industrial-and-commercial, transportation, and crediting joint-stock societies, as well as state-owned enterprises leased to private businessmen. However, in Soviet Russia state capitalism did not come to be highly developed, since the capitalists, hoping to eliminate Soviet power by force and to re-establish their rule, were reluctant to enter in economic relations with the socialist state.

In other socialist countries, state capitalism existed and was employed because they had multistructured economies and needed to overcome the spontaneous action of the petty-bourgeois element inherent in private capitalism. At the same time, due to comprehensive gratuitous aid ren-

dered by the Soviet Union, these countries could do without foreign capital when they commenced the transformation of the national economy. This is why in a number of socialist countries, various forms of state capitalism in these countries were based upon agreements with national private capital, which was not the case in the USSR. State capitalism was more extensively developed in the Socialist Republic of Vietnam. There, it assumed such forms as: state purchasing of the produce of private businesses at prices fixed by the state; manufacture of finished products by private enterprises from raw materials or semi-finished products furnished by the state with guaranteed sales of these products to state-owned firms; and joint (state-cum-private) enterprises with the state dominant. The latter form was typical in the GDR and in some other socialist states.

Joint enterprises represent the highest form of state capitalism, whereby the proletarian state either invests capital in private-capitalist enterprises, thus becoming a partial owner of the enterprises, or confiscates a portion of the stock. Participation in joint enterprises allows the state to maintain direct control over capitalist production and to achieve its radical transformation for the elimination of capitalist production relations.

The above forms of state capitalism have been found in one or another of the countries pursuing socialist transformations.

Lastly, certain countries have the *patriarchal structure* in the transition period. It incorporates small-scale private holdings, which maintain practically no ties with the market but consume what they produce themselves.

The patriarchal structure is similar to the small-scale commodity structure. Their common features are small scale of production, private ownership of the means of production, no exploitation of other persons' labour, and output intended chiefly for the personal consumption of the producer and his family.

The number of structures and their proportion in the national economy vary according to each country's historical and national distinctions.

In the Soviet Union, five structures were present in the transition period: socialist, small-scale commodity, private capitalist, state-capitalist, and patriarchal. In most of the regions, the transition was from capitalism to socialism. At the same time, in huge areas occupied by non-Russians—Soviet Central Asia, the Far East, and in the North—pre-capitalist relations were dominant.

Most of the European socialist countries had three main structures in the transition period: socialist, capitalist, and small-scale commodity. In the GDR, however, state capitalism occupied a fairly important place, while in Albania, Mongolia, and the Socialist Republic of Vietnam, the

patriarchal structure played a more important role in the national economy than, for example, it did in the USSR.

The Socialist Structure Plays the Leading Role

The socialist structure – or sector – plays the leading role in the economy of the transition period because it is based upon social ownership of the means of production and establishes relations of friendly cooperation and mutual assistance between workers who are free from exploitation. The socialist sector holds the commanding heights of the national economy, represented, as a rule, by major enterprises with a higher technological and economic level than those of the private capitalist sector and substantially higher than those of the small-scale commodity sector. Consequently, the enterprises of the socialist sector have a greater degree of labour productivity and require a lower level of expenditures for an equal amount of production.

Great as the relevance of socialist nationalisation is, it is just the beginning of the process of socialist socialisation of production.

To merely declare nationalisation (the transfer of production into social ownership) is not enough. Public ownership of the means of production must be made an actuality, and the social character of the production process, distribution,

and exchange must be developed and realized to the full.

Socialism is a social system implying a very high order of socialisation, whereby the majority, or even all of the enterprises are linked in an integral process of social labour by social property as well as an extensive social division of labour, specialisation, and production cooperation. These enterprises function according to a single plan and are regulated by common rules and requirements, which ultimately secure high results, and make the common productive activity highly effective.

Socialisation of production in actuality requires that the working class master production management at all levels—all the way from the team, shop, and enterprise levels, to the state level. The proletariat carries out nationalisation of the capitalist means of production with a determination developed in the course of the preceding class struggle with the bourgeoisie, but it is totally unprepared for production management. Lenin emphasised that “confiscation can be carried out by ‘determination’ alone, without the ability to calculate and distribute properly, *whereas socialisation cannot be brought about without this ability.*”¹

Not infrequently, workers’ control over pro-

¹ V. I. Lenin, “‘Left-Wing’ Childishness and the Petty-Bourgeois Mentality”, *Collected Works*, Vol. 27, 1977, p. 334.

duction and distribution of goods at the capitalist enterprise, maintained by the working masses through trade union organisations or specialised organs, is installed as a preliminary measure on the way to socialist nationalisation. Workers' control serves to prevent capitalist sabotage, limit the economic power of the bourgeoisie, and give experience in economic management.

Of vast importance in the early stages of the building of socialist production is the employment, under the control of the proletarian state, of specialists who had previously worked for the national bourgeoisie. Only a cultural revolution can produce socialist intellectuals, of working class origin, who are loyal to the cause of socialism. As far as this problem was concerned, people's democracies were in a better position than the USSR was in its time, because the latter was able to help them by sending its own specialists and by developing indigenous skilled personnel through training provided at higher educational establishments in the Soviet Union.

The problem of the availability of skilled personnel is especially acute in the previously underdeveloped countries commencing socialist transformations. However, substantial help from the Soviet Union and other socialist states assists many developing countries in tackling this problem.

Once socialist production relations take root,

economic laws of socialism begin to operate: the basic economic law, the law of planned and proportionate development of the national economy, the law of distribution in accordance with labour input; the law of socialist accumulation, and so on. These economic laws express the relations established between people in the course of socialist production, distribution, and exchange. They determine the essential features of the socialist economy and its directions, the rates and dynamics of the development of the economic structure, etc.

Non-Socialist Structures

While the socialist structure progresses and becomes predominant primarily in industry, the small-scale commodity structure predominates in agriculture in many countries in the transition period. The small-scale commodity structure, which incorporates small peasant and artisan holdings, is by no means a new economic form. It has been in existence for as long as capitalism has, and notwithstanding the ruination of many small-scale commodity producers under capitalism, this structure continues to exist even in highly developed capitalist states. In countries with a low level of productive forces, and also in those where the productive forces are average, small-scale property owners predominate.

The small-scale commodity structure is based upon small-scale ownership of the means of production. However, the origin of small-scale property differs from ownership by the bourgeoisie in that the source of the former is the producers' own labour.

Small-scale commodity production is linked to the market: the artisans sell everything they produce there, and the peasants a portion. The spontaneous operation of the law of value effects a differentiation of commodity producers which engenders capitalist elements (wealthy peasants called *kulaks* in Russia, *Grossbauern* in Germany, etc.). Differentiation of this kind occurs in the transition period, too, and small-scale commodity production continues to be a breeding ground of capitalism.

The proletarian state seeks in every way to check the process of peasant stratification into wealthy and poor layers. The state gives material aid to the working peasants and imposes limits on agrarian capitalist elements (the kulaks) during the transition period. As a result, peasants of average means ("middle" peasants¹) grow in number and their proportion to the total number

¹ Middle peasants, a layer in the Russian peasantry, cultivated the land with their own hands or with the help of family members. Their economic position was intermediate between the kulak and the poor peasant.

of peasants increases (this process is called the "averaging" of the peasantry).

In pre-revolutionary Russia, poor farmsteads comprised 65 per cent; middle farmsteads, 20 per cent, and wealthy farmsteads 15 per cent of the total number whereas in 1929, at the outset of mass cooperation in the USSR, the figures were 35, 60, and 5, respectively. In 1923 and 1924, the small-scale commodity structure contributed 51 per cent to the gross national product. It also prevailed quantitatively in a number of other socialist countries during the first years of the transition period.

The private capitalist structure holds an important place in the economy of the transition period. It incorporates enterprises owned by the small and middle capitalists in industry and commerce, as well as the private rural businesses based on wage labour (the kulak holdings). The state cannot complete the nationalisation of capital holdings (particularly small private capital holdings all at once because production is considerably fragmented and therefore does not easily yield to real socialist socialisation.

The economic laws of capitalism (the law of surplus value production, the law of competition, the law of capitalist accumulation, etc.) continue to operate within the private capitalist structure during the transition period. However, the extension and strengthening of the socialist structure in

the national economy reduces the operation of these laws, and imposes certain limits upon capitalist accumulation. By using economic and administrative-legal levers, the proletarian state regulates the size, growth, and activities of private capital. It employs progressive taxation of the bourgeoisie and legislatively reduces the length of the working day and limits the employment of female and child labour. The trade unions, supported by the state, guard the interests of the workers by concluding agreements on working conditions with the employers, demanding adequate wages, etc. Due to this, the scope as well as the degree of capitalist exploitation is ultimately substantially reduced.

The proportion of the private capitalist structure in the economy of the transition period is fairly small and continually shrinking.

In 1923-24, after the transfer to the New Economic Policy was achieved in the USSR, the share contributed by the private capitalist structure to the gross national product comprised 8.9 per cent. A higher proportion of private capital, as compared to other branches of the economy, was registered in agriculture and retail trade. From 1926 to 1927, the wealthy peasants supplied 20 per cent of all marketable bread. The proportion of private capital in the retail trade turnover (catering included) was 52.7 per cent in 1924.

In a number of socialist countries, the state-

capitalist structure played an important part in the economy of the transition period. State capitalism, developing under proletarian state rule, is cardinally different from state capitalism under the political rule of the bourgeoisie. State-monopoly capitalism, which the rightist socialists today seek to present as "state socialism", is in fact the power of the capitalist monopolies merged with the power of the state in order to procure high monopoly profits and retain the monopolies' rule and domination.

Under the dictatorship of the proletariat, with the economic development of society directed to securing the victory of socialism, state capitalism represents a specific form of the class struggle against capitalism. Given the state-capitalist economic forms, capitalism undergoes a change from the spontaneously developing private economic structure to that which is to a certain extent regulated and directed by the dictatorship of the proletariat. Hence it becomes a higher, more progressive economic form as compared with private capitalist, small-scale commodity, or patriarchal types of production. State capitalism is based upon large-scale machine production, up-to-date technologies, and improved production organisation methods.

The impact and forms of state capitalism during the transition period are determined by the existing national historical conditions. In the

USSR, state capitalism, based primarily on the participation of foreign capital, was employed to a relatively small degree to rehabilitate an economy ruined by civil war and armed intervention. Throughout 1923-24, the proportion of state-capitalist structure there, in the form of concessions and leases, made up slightly over 3 per cent of the gross industrial product.

In a number of other socialist states, joint (state-capitalist) enterprises were widespread during the transition period. In the GDR, for example, *Kommandites*, stockholding societies, were set up with the participation of the State Investment Bank which controlled the activities of the state-capitalist enterprises and the distribution of profits among the partners. It also bought out the stocks of private capitalists as those enterprises were socialised. The developing countries rely on the experience of the USSR, other socialist countries, and countries building socialism, in drawing the progressive patriotically-minded layers within the national bourgeoisie into the building and development of the national economy.

In those countries where small-scale subsistence economies continued to exist right up to the socialist revolution, the patriarchal structure remains in the early transition period. It incorporates those peasant farmsteads which are not linked with the market but are involved in subsistence farming based upon obsolete technologies.

In the USSR, the patriarchal structure in the early years of the transition period was rooted in the pre-revolutionary economically underdeveloped outlying territories and those occupied by national minorities. The patriarchal structure plays a fairly important role in economically underdeveloped countries embarking on the road of socialist construction.

The socialist state helps with materials and financing to develop the productive forces of subsistence farmsteads, and facilitates their transition to socialist lines through consumer, credit, purchase-and-sale, supply, and production forms of cooperation. In this regard, the experience of the USSR and other socialist countries is of great relevance to the developing countries effecting socialist changes.

Classes During the Transition Period

During the transition period, the class structure of society corresponds to the multistructured economic system.

Classes are large groups of people differing in their relation to the means of production, the role played in the social organisation of labour, as well as the proportion of the social wealth attained by them and the method of attaining it. Generally, the class structure of society during the transition period is as follows: the socialist sector, incorpo-

rating the working class, cooperated peasants and artisans; the small-scale commodity sector (in some countries – and/or the patriarchal sector), incorporating the working peasantry and artisans; and the private capitalist and state-capitalist sectors, incorporating the bourgeoisie.

From a formerly oppressed and exploited class under capitalism, the working class becomes the predominant class. It holds state power; manages the socialised means of production; guides the working masses and directs the development of the country in favour of their interests, which is towards socialism; and suppresses the resistance of the overthrown exploiting classes.

The peasantry, freed from exploitation by big landowners, gains economic strength. Together with the working class the working peasants take part in the political administration of the state, and act as a reliable ally of the working class in the struggle against the remnants of the exploiting elements and in the building of a socialist economy.

The position of the bourgeoisie, the predominant class under capitalism, fundamentally changes: it is stripped of its political power and the bulk of the means of production. Still, at the early stages in the transition period, it continues to be fairly rich, and maintains extensive social ties; it finds social support in small-scale commodity production, particularly among the

wealthy peasants.

In the transition period the bourgeoisie and the wealthy peasants and artisans act as one in production and commerce, thus representing the chief threat to socialist changes. They are able to disrupt the country's economy and under certain conditions, to become fertile ground for that part of the bourgeoisie which has not abandoned the hope to restoring capitalism.

The existence of a multistructured economy in the transition period results from the fact that by the time of a socialist revolution capitalism does not, and cannot, complete the all-round socialisation of production, although individual monopolies do concentrate production on a gigantic scale. The capitalist system itself breeds the material objective preconditions for its replacement with socialism, and provides the productive forces with a social character. The process proceeds unevenly in different countries, regions, and branches of an economy. Hence both medium and small-scale (fragmented, semi-handicraft) production inevitably occurs under capitalism along with large-scale concentrated production.

It is well known that to a certain extent pre-capitalist forms of economy are preserved in some capitalist countries. Inasmuch as capitalism is based upon the exploitation of wage labour, it removes only those elements of pre-bourgeois production relations which impede such exploitation, name-

ly, personal bondage of the producer, estate distinctions, guild limitations surviving from the Middle Ages, etc. Meanwhile, it retains the other elements of pre-bourgeois relations because they have the common foundation with the capitalist relations and are therefore gradually changed to the capitalist mode. Notably, feudal ownership of the land undergoes a capitalist change. This is manifested by the change in the socio-economic nature of the ground rent, as it is transformed from a category of feudal relations into an economic category of capitalism.

Neither does small-scale commodity production fall out of the vein of capitalist exploitation: first, under capitalism, it develops spontaneously along capitalist lines; and, second, bankrupt small-scale producers—artisans and craftsmen—create a reserve army of labour.

As far as the patriarchal structure is concerned, sooner or later it is taken over by market relations, which gradually transform it into small-scale commodity production.

The economic structures of the transition period are closely interrelated and incorporated in the economy to comprise a certain entity. Society cannot change or remove any of them at once, and hence cannot remove the contradictions inherent in their existence.

CHAPTER
SIX

ON THE WAY
TO SOLVE CONTRADICTIONS

The period of transition from capitalism to socialism is particularly complex as concerns the totality of its social relations: economic (production, distribution, and exchange), non-economic, and political (existing in the superstructure—state relations, ideology, law, etc.). During the transition period, all these types of social relations contain heterogeneous, contradictory, and, often, antagonistic elements. The transition period is a period of struggle between the upcoming, though still not solidified, socialism and the defeated yet fairly strong capitalism. This irreconcilable struggle is waged until the question “who will win?” is settled. It takes place

against the background of numerous contradictions, other than those listed above and in order to solve them the proletarian state and the ruling party work out and pursue appropriate policies.

The root of these contradictions and the main reason for their continued existence, is the multi-structured economy of the transition period. Each of these structures is backed by its own class force with its own economic interests and goals. The structures are not isolated, and their economic inter-relationships are characterised by an exchange of their activities.

An analysis of the inter-relationship of the three chief economic structures of the transition period—socialism, small-scale commodity production, and capitalism—reveals the contradictions inherent in the economy of the transition period.

The more advanced, socialist, structure leads in the transition period and has a decisive influence on the country's economy.

The contradictions of the transition period differ by nature, social essence, political and economic significance, and hence are manifested, developed, and solved differently.

As with other social contradictions, the economic contradictions fall into two distinct types—antagonistic and non-antagonistic. The first group is comprised of irreconcilable contradictions solved solely by the destruction of one of the

sides. These contradictions represent the relations of the antagonistic classes, of the exploiters and the exploited. The other group are those contradictions of social development which are solved, neither through replacement of some relations by basically different ones, nor through elimination of one of the two contending sides, or classes but rather through the further improvement and development of the relationships being formed between those social forces which are characterised by only a certain degree of contradiction. There may be non-antagonistic contradictions between social forces operating in common or similar directions, i. e. those whose economic interests are not antagonistic but more or less similar.

Let us look into the relations of the three chief classes of the transition period.

The working class, representing the socialist structure, has turned from an exploited and submissive class into the predominant ruling class and now directs socialist construction. The working peasantry (the small-scale commodity structure) is the chief ally of the working class. Yet the defeated bourgeoisie (capitalism and state capitalism) continues to be fairly strong. It is experienced in directing a large-scale economy, maintains ties with foreign capital, keeps hold of a portion of the means of production and of other material wealth and finances. A section of bour-

geois specialists, among them some scientists and technical experts, side with the bourgeoisie.

The multistructured economy and the existence of social classes with differing economic and political interests breed contradictions and class struggle. The chief contradiction of the transition period is the one between upcoming socialism and dying capitalism, which is leaving the historical arena. This takes the form of an acute antagonistic, irreconcilable contradiction. The struggle between socialism and capitalism is essentially the struggle between the working class and the bourgeoisie.

The bourgeoisie will go to any length to defeat the power of the working class. In its efforts to re-establish the old order, i. e. to restore capitalism, it uses all means available, up to and including civil war and foreign military intervention. This was the case in 1918, when 14 Entente powers attacked the young Soviet Republic. The bourgeoisie did not cease its resistance even after it had been defeated in the civil war, but continued to fight against the socialist state and socialist construction. The class struggle took on other, "peaceful" forms, while continuing to be as acute as it had been before. The "peaceful" forms included economic sabotage, wrecking, subversion, attempts by the bourgeoisie to undermine state monopoly in all areas, for instance, the state monopoly of foreign trade, etc. The experience of

the USSR and other socialist countries shows that the bourgeoisie does not give up hope for the restoration of capitalism for a long time, and will resort to all means available to resurrect the old order. Both the proletariat and the bourgeoisie fight to win. Therefore, the socialist state has to pursue a policy of economic and political suppression of the bourgeoisie, and its elimination as a class.

At the same time, in those countries where some bourgeois elements—such as the national bourgeoisie opposed to the foreign and compradore bourgeoisie (as, for example, in former colonies and semi-colonies entering on the road of socialist transformation)—help to carry out progressive socio-economic changes, the new power may draw these elements into a more active participation in the economic and political life. The enterprises owned by the national bourgeoisie are, through state capitalism, gradually taken over by the state sector which is directed towards socialism.

Thus, the chief contradiction of the transition period is the antagonistic contradiction between the proletariat and the bourgeoisie. It can be solved in favour of the working class only on the condition that the working class use revolutionary force against the bourgeoisie. Does this mean, then, that the use of force and coercion comprise the essence and the main content of proletarian

dictatorship? By no means! Lenin emphasised that "the dictatorship of the proletariat is not only the use of force against the exploiters, and not even mainly the use of force. The economic foundation of this use of revolutionary force, the guarantee of its effectiveness and success is the fact that the proletariat represents and creates a higher type of social organisation of labour compared with capitalism. This is what is important, this is the source of the strength and the guarantee that the final triumph of communism is inevitable."¹

To Win Over and Lead

The relations and the contradictions between the working class and the working peasantry during the transition period are of a fundamentally different nature. The peasant working his own holding has a dual nature. On the one hand, he is a worker relying on his own labour for his livelihood, and as such he is in the same boat with the working class. On the other hand, he is also a holder of private property and as such is oriented towards the bourgeoisie. In the transition period, a struggle unfolds between the working class and the bourgeoisie for winning over the peasantry.

¹ V. I. Lenin, "A Great Beginning", *Collected Works*, Vol. 29, p. 419.

Who will be the winner of this struggle, whose ally the peasantry will be, is one of the most relevant questions deciding the success of the unfolding socialist revolution. The socialist revolution in Hungary in 1919 could not win, precisely because the peasantry did not support the working class, and hence the bourgeoisie was able to restore capitalism drowning the revolution in blood.

So, the relations between the working class and the peasantry can take shape in various ways. Coming to the forefront can either be the community of their interests as workers, or the contradictions between the proletarians holding no property and the peasants holding private property. Some contradictions are preserved in the first case, too, but they do not become antagonistic. Also, the workers' state, when it settles, for example, the question of pricing industrial products, on the one hand, and agricultural products produced by the peasants, on the other, takes the interests of the working peasants into account.

When, however, the contradictions between the working class and the peasantry are exacerbated to such an extent as to become antagonistic, there is a grave threat to the cause of socialist construction. However, in this case, too, the working class does not resort to repressions towards the peasantry. The socialist state follows the line of sustaining and consolidating the alliance with the peasantry. It renders the pea-

santry all-round assistance in facilitating its transference to the lines of cooperation and in the replacement of its private interests with those of the collective. In addition, the state also engineers the peasant's changeover from ownership of private property and participation in pre-socialist relations to those typical of the working class and the entire socialist sector of the national economy, that is, collective, socialist ownership and participation in socialist relations of production.

As we have seen, the life of society during the transition period is fraught with contradictions and struggle waged by various social forces, each following its own particular interest. However, at certain historical "transfer points", during particular stages of historical development, their interests may partially coincide. At such times the working class may even reach to some sort of political or economic accord with some of its enemies, thus engineering a split in their united front, their common raid against the working class and its dictatorship. As Lenin wrote, "*for the good of the cause, the proletariat will always support not only the vacillating petty bourgeoisie but even the big bourgeoisie.*"¹

Acting in this vein, the power of the proletariat supports various forms of state capitalism.

¹ V. I. Lenin, "On Slogans", *Collected Works*, Vol. 25, 1977, p. 188.

On Other Contradictions

Alongside those contradictions which obviously are of a class character, there exist other contradictions during the transition period which are not directly related to the struggle of classes and their interrelationships. These are, for example, the contradictions of economic development caused by the disproportionate development of various elements of the productive social forces or by the lack of correspondence between the development of the productive forces, on the one hand, and the relations of production, on the other. There also exist certain contradictions between the economic relations and the ideological relations, those pertaining to human conscience and social conduct. Let us look into some of those contradictions and the ways to solve them.

In many of the countries taking off towards socialism from an initially low level of productive forces, in other words, in the economically underdeveloped countries, a particular contradiction emerges which, because of its acute nature, requires a speedy solution soon after the socialist revolution there. This is the contradiction between the most advanced political power – that of the working class in alliance with the working peasantry – and the obsolete material-and-technological base of social production, which makes

it impossible to quickly build a solid economic (material and production) foundation for the progressive political power. This contradiction, in its turn, makes it impossible to show the world at once the great advantages of the developing socialist organisation of social labour freed from exploitation. Needless to say, an advanced political power, and an advanced form of political organisation of society, requires a high level of the development of the material-and-technological base to adequately facilitate progress towards a higher level of social labour productivity, cease the country's dependence on foreign capital, build up its defence potential, and enhance its international prestige and influence.

There is only one way to solve this contradiction of the transition period – to ensure a speedy transfer of the national economy on to the lines of advanced production machinery and electrification corresponding to the potential and requirements of modern large-scale production. If a country has adequate natural resources, it must achieve industrialisation, build up such key branches of modern heavy industry as the production of energy resources, electric power generation, ferrous and non-ferrous metallurgy, machine building, and, most importantly, machine-tool construction.

In the transition period, there exist certain contradictions between economic structures, as well.

Thus, socialist industry develops at a fast pace, steadily extending its influence on other sectors and simultaneously needing a constant inflow of raw materials, primarily agricultural raw materials. Meanwhile, small-scale private holdings prevail in the countryside after the revolution. Often, the rural economy develops by simple reproduction, and its output has a low level of marketability. Therefore, it falls into an ever greater contradiction with the requirements of socialist production in the town. This contradiction can be resolved only through the transfer of private peasant farmsteads onto the lines of large-scale mechanised socialist production, which is possible only through the socialist cooperation of the peasantry. This is the way to resolve the contradiction between the socialist structure and the small-scale commodity structure in the countryside. Cooperation of peasant farmsteads ensures a substantial rise in the marketability of the land cultivation and livestock-raising, extends economic ties between the town and countryside, provides the agricultural production with up-to-date technologies, and finally, facilitates the development of agriculture along the lines of expanded socialist reproduction.

The economy of the transition period is subject to the operation of various objective economic laws. These are primarily the laws expressing the chief, fundamental features of socialist production

relations which take shape and develop during the transition period. The laws are: the basic economic law, the law of planned and proportionate development of the national economy, the law of socialist accumulation, and so on. While operating mostly within the socialist sector, these laws exert a decisive influence on the development of the national economy as a whole—since the socialist sector is leading in the national economy and, as such, has a considerable impact on the development of all other economic forms and structures.

The chief distinction of economic laws of socialism during the transition period is their operation within the conditions of the antagonistic contradiction between the advancing socialism and the surviving remnants of capitalism. The socialist state uses the economic laws for sustaining and further developing the socialist structure. The capitalist elements strive in every possible way to undermine the economic measures taken by the socialist state. Therefore, the operation of economic laws is accompanied by an acute class struggle with the bourgeoisie.

Commodity-money relations exist during the transition period. The objective need to use commodity-money relations is explained both by the multistructured national economy and by the particular features of the productive relations in the socialist sector. In the state-capitalist, private

capitalist, and small-scale commodity sectors, the owners of the means of production also own the output produced by their enterprises. Therefore, the mutual exchange of activities within and among socio-economic structures, as well as between these sectors and the socialist sector, assumes the form of purchase and sale of commodities. The exchange between socialist production and the small-scale commodity peasant holdings facilitates the formation of economic links between the working class and the peasantry.

Although the law of value continues to operate within the socialist economic structure, it ceases to be the regulator of production. The crisis-free continual growth of the socialist production is regulated by the operation of the basic economic law of socialism and the law of planned and proportionate development. At the same time, the proletarian state purposefully uses the law of value when it plans the prices of the output of government-owned enterprises, as well as in order to reduce production expenditures, raise the quality of output and its ability to compete on the world market, and increase the volume and efficiency of production.

Within the small-scale commodity and private capitalist structures, the law of value continues to be the regulator of production. At the same time, through pricing, financing, and crediting, the socialist state offsets its own regulatory impact

against the anarchy of the private production. Its impact is particularly great on the peasant production. The state achieves this by supplying the peasants with agricultural machinery, concluding agreements on contracting, crediting, various forms of cooperation, etc. The spontaneous operation of the law of value in the small-scale commodity and private capitalist structures is thus substantially reduced.

Hence, the chief way to resolve and overcome the fundamental class contradictions of the multistructured economy, and to purposefully use inherent economic laws, is to force out economically and then abolish the private capitalist sector and to achieve a voluntary integration of small-scale producers into production cooperatives on a socialist foundation.

CHAPTER
SEVEN

THE TRANSITION PERIOD
IS THE FIRST STEP
TOWARDS THE TRIUMPH
OF COMMUNISM

Socialist construction is a lengthy process. It passes through several consecutive stages or phases. These stages in the socialist development of society are related primarily to the qualitative changes in the economy. These are the stages of the economic maturity of socialism.

The transition period is the first stage of socialist construction. In the course of the transition period, each country embarking upon socialist transformation lays the foundations of socialism. In economic terms, this means that: (1) the material-and-industrial base of a socialist society has, in the main, been built; (2) all large-scale private property is eliminated, and

thus is eliminated the class of capitalists living at the expense of wage labour; and (3) the system of management of the national economy, which ensures economic management in accordance with socialist principles, takes shape. To build the material-production base of socialism, it is necessary to achieve fundamental social changes, i. e. socialist industrialisation and cooperation of small-scale peasant holdings. As a result, the socialist socialised sector comes to dominate in the national economy, gradually overcoming and finally ousting large-scale private capitalist enterprises. Private businesses and enterprises based upon personal labour are subordinated to the socialised sector. Along with this, the socialist state takes relevant steps to stamp out illiteracy, achieve a rise in national culture, train qualified personnel, instil socialist consciousness, strengthen the country's defence capabilities and extend and consolidate foreign economic ties—first of all with other countries of the socialist community.

The historic tasks of socio-class and national emancipation are tackled. Capitalist exploitation is eliminated, along with the reasons for its existence. The national crisis, which has led to a socialist revolution, is settled when the foundations of socialism are laid due to the transformation of underdeveloped countries into industrial or agrarian-industrial states, elimination of exploitation

by capitalists and landowners, and colonial or semicolonial dependence, restoration and development of national sovereignty and national culture, and the abolition of national inequality and discrimination.

In the USSR, the objectives of the transition period had been reached by the mid-thirties and were legislatively embodied in the USSR Constitution of 1936, historically known as the Fundamental Law of Victorious Socialism. Whereas in 1927-28, 47.3 per cent of the basic production assets were privately owned, by 1937, after socialist industrialisation and the collectivisation of small-scale producers (peasants and artisans) had been completed, close to 95 per cent of the population was engaged in the socialist economy or closely linked to it; 90 per cent of the production assets were public (state) property, and 8.7 per cent—cooperative property. By 1937, the gross output of large-scale industry had increased 8 times as compared with 1913. Technological re-equipment of the national economy had been completed; as a result, the share of industry in the aggregate industrial and agricultural output had increased from 54.5 per cent in 1928 to 77.4 per cent in 1937; the share of agriculture had diminished proportionately—from 45.5 per cent to 22.6 per cent respectively. In 1927-28, with the economy disrupted by the imperialist war, civil war and military intervention, the USSR had

1,300,000 unemployed, whereas by 1932, after the First Five-Year Plan (1928-32) had been implemented, the economically active population reached 12,500,000; there was no unemployment. Complete elimination of unemployment is an historic achievement of socialism as a social system. From 1932 to 1937, the total number of students in the primary and secondary schools increased by more than 8 million; the number of graduates of higher and secondary specialised schools more than doubled.

In Mongolia, the foundation of socialism – social ownership – was created in the period from 1940 to 1960 as a result of overall collectivisation of private *arat* (livestock-breeding) farms. By 1960, 99.99 per cent of the basic production assets had become socialist property. Socialist industrialisation of the country had begun. The system of national economic planning and management had taken shape. Huge progressive changes occurred in the area of education and national culture. However, a number of objectives involved in the building of the material-production base of socialism took some more years due to the pre-revolutionary extreme underdevelopment of Mongolia.

For most of the European countries choosing socialism after World War II, the transition period had come to an end by the early sixties or seventies. Specifically, in Bulgaria, the founda-

tions of socialism had been laid by 1958, in Czechoslovakia—by 1960, in Hungary and Romania—by 1965, and in the GDR—by 1971. In 1970, socialist property comprised 99.9 per cent of the main production assets in Bulgaria, 98.8—in Hungary, 98.5—in Romania, 98.4—in Czechoslovakia, 95.1—in the GDR. In Albania, the foundations of socialism were laid during the period from the 1950s to the early 1970s. Many objectives of socialist construction were reached in Poland and Yugoslavia, though the cooperation of private peasant holdings and the formation of the socialist system of management proceeded at a slower pace.

The foundations of socialism have been laid in the Democratic People's Republic of Korea, and are being built in the Socialist Republic of Vietnam.

The first socialist country in Latin America—the Republic of Cuba—scored considerable successes in solving the problems of the transition period during a short time. Already by 1970, socialist enterprises accounted for the entire industrial output, and the socialist sector in the gross agricultural output was 70 per cent.

The building of the foundations of socialism signifies its victory in the socio-economic life of a country, but it is not yet a full victory. In order to secure the final victory at least two more conditions remain: the next, higher, stage in socialist

construction must be entered and a reliable defence of the achievements of socialism against the possibility of imperialist aggression must be ensured. Internationalist help and extensive interaction among the countries of the world socialist community in economic, political, and military areas, constitute an essential guarantee of both these conditions.

Having completed the transition period and built socialism, society enters the historical stage of building *developed socialism*. This is a step towards the triumph of the new socio-economic system signifying a new range of qualitative changes in the economic and socio-political life of the socialist countries. During that period, the advantages of the new social system are realised to a larger extent; the scope and role of public (state) property increases, progressive changes occur in the structure of the national economy and in the general education and professional training of the people; in the economic, political, social, and cultural areas all nations and nationalities in the multinational socialist states are drawn closer together; the state of the dictatorship of the proletariat changes into the state of all people reflecting the increasing social homogeneity of society; and finally, the economic integration of the socialist states becomes a major factor of their economic progress.

The third stage of socialist development is a

lengthy historical period of socialism growing over into communism, during which time the existing economic system is improved, and more and more changes take place which are in the nature of the future, communist organisation of society.

The primary task at this stage is all-round intensification of the socialist economy, which requires optimisation of the economic units and the proportions of expanded reproduction, and hence of planning and management. If the national economy is to undergo intensification for the purpose of raising the effectiveness and quality of all economic activities and developing further the socialist way of life, the achievements of the scientific and technological revolution must be organically combined with the advantages of socialism. Hence, the acceleration of scientific and technological progress in all branches of the national economy, the extended use of the potentials of social ownership, socialist planning, economic organisation, the initiative of the working people, and the development of socialist emulation, acquire particular significance.

Needless to say, stages in the socialist development of society are not strictly isolated. Some of the objectives of socialist industrialisation (as the Mongolian experience shows), and some of the tasks involved in the socialisation of small-scale private property (as proven in Hungary and the

GDR) can be attained at the stage of the construction of developed socialism; while certain objectives of the latter stage can be reached already during the transition period, when the foundations of a socialist economy are laid. Here Bulgaria provides an interesting example.

The People's Republic of Bulgaria is, in fact, the first socialist country to make effective use of the opportunities provided by the international specialisation of production to accelerate its economic development. These opportunities exist within the framework of the Council for Mutual Economic Assistance. Bulgaria began to specialise in producing hoisting and transportation equipment and some other industrial products already in its transition period. This accelerated its industrialisation, secured the incorporation of the Bulgarian national economy within the system of the international socialist division of labour, and raised production efficiency.

Between 1950 and 1960, Bulgaria's gross industrial output increased 4 times. (Compare to 2.7 times in Hungary, 2.9 in the GDR, 2.8 in Mongolia, 3.2 in Poland, 3.4 in Romania, 3 in the USSR, and 2.7 in Czechoslovakia). In the 1970s, Bulgaria became the chief exporter of battery-operated trolley-cars, motor trolley-cars, and electric hoisting equipment to the socialist market. An underdeveloped agrarian country prior to its revolution, by 1975, it had become third in the

world for per capita output in the radioelectronic, computer, and communications industries.

The demarcation between the second and third stages of the socialist development of society is quite flexible. Some socialist countries begin tackling the tasks involved in the comprehensive intensification of the national economy even at the stage of the construction of developed socialism. This has become possible due to the extensive use of the experience of the USSR and the continually expanding cooperation and mutual assistance within the socialist community.

To sum up, it must be noted that when socialism is developing not just in one, but in several countries, the historical conditions vastly improve the possibilities of raising the efficiency of social production both during the transition period and during the building of developed socialism.

CONCLUSION

At the close of the 19th and at the beginning of the 20th century, the world economy, on the whole, was ripe for a transition to a new social order and a new economic system – socialism. Socialism is based upon social ownership of the means of production and requires a planned national economy to secure a steady improvement of the working people's well-being and their all-round harmonious development.

Socialism is separated from capitalism by a specific historical period – the transition period – by the end of which the building of socialism is in the main completed. At that point, the exploitation of man by man and social inequality are

eliminated, and the formerly multistructured national economy is transformed into a single-structured, socialist, economy. The transition period begins with the transfer of state power into the hands of the working class, and ends with the building of socialism in such elements of the superstructure as politics and law, establishment of the socialist way of life, and instillment of a socialist, collectivist ideology in society.

The triumph of socialism does not rule out the existence of a small sector of individually-owned or artisan holdings, or private commercial businesses. Besides, the numerous personal subsidiary holdings of peasants, industrial workers, and office employees are preserved and sustained as an essential element of the socialist economy, though the forms this may assume are highly varied.

The transition period is a time of acute class struggle between, on the one hand, still fairly strong remnants of capitalism which has been overthrown, and, on the other initially weak fledgling socialism which emerges, develops and is enhanced until it ultimately triumphs by virtue of its decisive socio-economic advantages. In this struggle, nascent socialism may be compelled to use coercion to suppress the resistance of the overthrown exploiting classes: the capitalists, landowners and kulaks.

The stronghold of world capitalism was dealt

its first blow in 1917 – by the victory of the Great October Socialist Revolution. Capitalism ceased to be the predominant social system. The rapid development of socialism proved to the world its indisputable advantages as a more progressive social system. In those conditions it became possible for economically underdeveloped countries (e. g., Mongolia) to bypass the capitalist stage of development and to proceed towards socialism. Even more propitious conditions for such a transition arose after World War II, with the formation of the socialist world system. The new situation made possible the appearance and development of countries which – notwithstanding numerous internal and external difficulties – are following the socialist way of transformation in which they rely on all-round gratuitous aid from other socialist states. It is a long and difficult path of gradual change, encompassing a number of consecutive stages of economic, social, cultural, and political development.

The transition to socialism implies certain general features which manifest themselves differently and at different rates depending on the circumstances. These peculiarities enrich the theory and practice of world socialism as nations and states make their own contributions to the wealth of socialist construction. However, it must be kept in mind that the individual peculiarities do not rule out the general features, but, on the contrary,

reaffirm their validity and provide for their fullest implementation. There are more specific elements in those countries which are moving towards socialism omitting the capitalist stage of development. However, even the peculiarities of transition there do not rule out, but rather prove the general features of the development of mankind, inevitable elimination of all forms of exploitation and oppression and mankind's steady progress towards the one humane and just social system – socialism.

“Nothing and no one can rule out the objective laws of world development. The evidence of this is the continuing change in the correlation of forces in the world arena in favour of socialism, national and social emancipation. As Marx and Lenin predicted, socialism, created by each nation on the basis of general principles and its own conditions and traditions, has been, and continues to be, the chief tendency of mankind's development,” says the message of greetings sent by the CPSU Central Committee to the 25th Congress of the French Communist Party.

The steady advancement of mankind towards socialism means the movement towards welfare and progress, social justice, economic and national equality, durable world peace, and co-operation and friendship among all nations and states.

GLOSSARY

Accounting and Control, a most important aspect of the socialist state's effort to set up a planned socialist economy; organisation of control and accounting on a nationwide scale is one of the most important tasks of socialist construction during the period of transition from capitalism to socialism.

Agricultural Artel (Collective Farm), the chief form of agricultural cooperative in the USSR during the period of transition from capitalism to socialism, and subsequently, the sole form; characterised by the socialisation of the principal means of production and by collective labour; established in the process of collectivisation; manages its economy on the land which is the property of the state and is granted to the collective farm for use in perpetuity; small agricultural implements continue to be the personal property of the collective's members for work in their *personal subsidiary small-holdings* on the plot of land

allotted by the state; the income from the collective economy is distributed according to the work done.

Anarchy of Production, chaotic, disproportionate development of social production under the conditions of spontaneous operation of economic laws. A. P. is inherent in commodity production based upon private ownership of the means of production.

Basic Contradiction of Capitalism, the contradiction between the social character of production and the private capitalist form of appropriation; expresses contradictions between the productive forces and the relations of production; manifests itself in the antagonism between labour and capital.

Basic Economic Law of Socialism, the law of the evolution of a socialist economy (in the transition period—of the socialist economic sector which exerts a determining influence on the development of the entire economy) expressing the need to ensure the well-being and all-round development of the entire society through the steady growth and improvement of production on the basis of latest technologies.

Basis and Superstructure, economic (production) relations form the economic basis of society; the superstructure built on this basis is essentially the totality of ideological relations and outlooks (poli-

tics, law, morals, religion, etc.) and corresponding organisations and institutions (the state, parties, the Church, etc.).

Bourgeoisie, the predominant class in capitalist society. The B. owns the principal means of production and appropriates surplus value through exploitation of wage labour; in the transition period, deprived of political and economic power, it struggles against the dictatorship of the proletariat with the aim of restoring capitalism.

Capitalism, an antagonistic socio-economic formation based on private ownership of the means of production and on exploitation of wage labour by capital. As capitalism develops, its contradictions grow more acute, material preconditions for socialism are built up; the grave-digger of capitalism, the proletariat, grows stronger.

Classes, Social, "large groups of people differing from each other by the place they occupy in the historically determined system of social production, by their relation (in most cases fixed and formulated in law) to the means of production, by their role in the social organisation of labour, and, consequently, by the dimensions of the share of social wealth of which they dispose and the mode of acquiring it" (V. I. Lenin, *Collected Works*, Vol. 29, p. 421).

Class Struggle, the driving force of development of all antagonistic societies; is waged between

classes whose interests are incompatible or opposite; its highest form in antagonistic society is social revolution. In the period of transition from capitalism to socialism, the working class, with the toiling peasantry as its ally, wages a class struggle against the overthrown exploiting classes until the question "Who will win?" is settled in favour of socialism.

Collectivisation of Agriculture in the USSR, the process of voluntary association of small-scale peasant holdings in large-scale cooperative socialist farms (collective farms); was carried out in the period from 1929 to 1932 on the basis of Lenin's plan of cooperation; proceeded in conditions of acute class struggle against the wealthy peasants (kulaks).

Commodity, the product of labour intended for sale rather than for personal consumption by the producer; in the period of transition from capitalism to socialism, the commodities produced by socialist enterprises move on a planned basis, and thus acquire a new social content as compared to the commodities produced by the enterprises based on private ownership of the means of production.

Communism, the socio-economic formation replacing capitalism; is based on social ownership of the means of production; in a narrower sense, C. is the second, and higher (as compared with

socialism), phase in the development of the communist formation (full communism). C. is a classless social system providing for a full social equality of all members of society. The fundamental principle of C. is, "From each according to his ability, to each according to his needs".

Confiscation, expropriation, by way of coercion and transfer to state property without compensation, of all or part of a private owner's property; a form of nationalisation of capitalist property in the period of transition from capitalism to socialism.

Cooperation of Peasant Holdings, the involvement of isolated small peasant holdings into various forms of cooperation; in the period of transition from capitalism to socialism, a form of socialist transformation of agriculture.

Cooperation, Socialist, association of small-scale commodity producers for the purpose of joint production, processing, and distribution of the output; its socialist character is determined by the power of the working class in the country in question, the predominance of public (state) social ownership of the means of production, and the alliance of the working class with the peasantry.

Cost-accounting, a method of planned management of the socialist economy; based upon measuring the enterprise's production expenditures

against the results of its economic activity, recovering the expenditures out of the income received, measures to ensure economic viability of production, the collective's material interest in raising the efficiency of production, enhancing the enterprise's responsibility for reaching the planned targets, on introducing the achievements of technological progress, and on economical use of resources.

Cultural Revolution, a component of socialist transformation during the period of transition from capitalism to socialism; a fundamental change in the intellectual and spiritual development of a country; includes the creation of a socialist system of education, reorientation of the bourgeois intellectuals and the formation of a new socialist intelligentsia, and inculcation of the Marxist-Leninist ideology and socialist culture.

Democracy, Socialist, a form of state and method of organising the political system of socialism. D. S. secures state power of the proletariat, equality and personal freedom.

Developing Countries, a group of independent countries lagging behind the capitalist and socialist countries in the level of economic and social development, which is an aftermath of the lengthy period of their colonial and semicolonial exploitation by imperialist states. D. C. wage a struggle for establishing equitable international

economic relations; some of them have entered the path of socialist transformation.

Dictatorship of the Proletariat, the state power of the working class. D. P. is established as a result of a socialist revolution in the period of transition from capitalism to socialism.

Economic Interests, motivation of the activity of a class or other social group, conditioned by the economic relations in a given society.

Economic Laws, the objective, substantial, stable, and massive ties and dependences of the economic phenomena in the course of production, distribution, exchange, and consumption of material goods; alongside of the general economic laws (such as the law of correspondence of the relations of production to the nature and level of development of the productive forces), there are specific economic laws (such as the law of surplus value under capitalism, the law of distribution according to labour) operating strictly within the boundaries of a definite mode of production, as well as the laws common to several socio-economic formations (the law of value).

Economic Relations, see *Relations of Production*.

Economic Sector, a portion of the national economy distinguished by definite economic and social features, for example, the socialised sector

as distinct from the private sector, the agrarian sector as distinct from the industrial sector, etc; in certain cases, the term is used in the meaning of "economic structure".

Economy, the national economy of a given country or a part of such economy; also, the aggregate of production relations of a given formation, the economic basis of society (the capitalist economy, the socialist economy).

Exploitation of Man by Man, appropriation without compensation by the class owning the means of production basic to the given mode of production (the land under feudalism, the industrial enterprises under capitalism), of the products of the actual producers; the exploiting classes and exploitation of man by man are eliminated with the triumph of socialism and abolition of private ownership of the means of production.

Expropriation, gratuitous or compensated deprivation of property under duress by one social class in the interests of another social class; in the course of the socialist revolution, the proletariat expropriates the bourgeoisie.

Feudalism, the class-antagonistic socio-economic formation replacing the slave-owning system, the principal classes of feudal society are the feudal landlords and the peasants subservient to them; alongside feudal ownership, there also existed personal peasant ownership of labour im-

plements and products of private peasant holdings based on personal labour; often, survivals of feudalism are preserved for a long time in capitalist countries and countries in transition from capitalism to socialism; in Russia, the remnants of feudalism were eliminated by the Great October Socialist Revolution of 1917.

GOELRO, the State Plan for the Electrification of Russia—the first integrated long-term state plan for rehabilitation and development of the national economy in the Soviet Republic; worked out on the instructions and under the guidance of Lenin by the GOELRO Commission in 1920; completed in the main by 1931.

Ideology, the totality of political, legal, ethical, aesthetic, and philosophic views and ideas. In a class society, ideology has a class character and expresses the interests of specific classes.

Imperialism, monopoly capitalism, the last and highest stage of capitalism, and the eve of a socialist revolution.

Industrialisation, Socialist, the process of building large-scale machine production in all branches of the national economy, first of all in industry, to secure predominance of socialist relations of production. S. I. is carried out on a planned basis, at high rates, financed mostly from internal sources of accumulation.

Law of Correspondence of Production Relations to the Character and Level of Productive Forces; an economic law reflecting the causality and dependence between the development of productive forces and production relations; underlies the transition from one social system to another, which, in conditions of a class-antagonistic society, occurs through a socialist revolution.

Law of Distribution in Accordance with Labour, an economic law of socialism requiring conformity between the quantity and quality of socially beneficial labour put in by each able-bodied member of society and the measure of remuneration for this labour paid by society.

Law of Planned and Proportionate Development, an economic law of socialism reflecting the need to manage the national economy as an integrated whole by deliberately maintaining appropriate proportions in the development of various economic branches and types of production.

Material and Technological Base of Socialism, the totality of material, tangible elements of productive forces (means and implements of labour) in socialist society in combination with the technology and organisation of social production; large-scale machine production based on socialist ownership of the means of production.

Mode of Production, historically determined mode of producing material goods; the combina-

tion of productive forces and relations of production, and the basis of the corresponding socio-economic formation; the replacement of one socio-economic formation by another occurs through a revolution.

Money, specific commodity playing the role of a universal equivalent in commodity exchange.

Monopoly of Foreign Trade, the exclusive right of the socialist state to conduct foreign trade operations; protects foreign trade from the anarchy of the world capitalist market.

Multistructured Economy, coexistence and struggle of different economic structures (the basic structures are socialist, capitalist, and small-scale commodity structures) in the period of transition from capitalism to socialism.

National Income, the value created annually in the sphere of material production, or the corresponding portion of the aggregate national product in its physical form. Under socialism, N. I. ensures satisfaction of the steadily growing requirements of the population and promotes the expansion of production.

Nationalisation of the Land, the transfer of the land from private into state ownership; was carried out in the USSR and the People's Republic of Mongolia in the period of transition from capitalism to socialism. N. L. sets up the most favour-

able conditions for subsequent socialist changes in agriculture. In a country where historical conditions are not ripe for nationalisation of the land, the socialist state divides the land among the toiling peasants and transfers the plots into their private property.

Nationalisation, Socialist, the transfer of private businesses and branches of the economy into the property of the socialist state. N. S. is carried out by way of expropriation (confiscation) or by complete or partial redemption.

Non-capitalist Way of Development, the revolutionary process creating prerequisites for socialist construction in economically and socially underdeveloped countries (most of the former colonial and semi-colonial states); makes it possible to bypass, significantly reduce, or even cut short the capitalist stage of development by laying foundations for subsequent socialist changes.

Patriarchal Structure, primitive subsistence farmsteads engaged in land cultivation or nomadic livestock-breeding and run by big patriarchal families; often preserves remnants of the tribal system; exists as an independent economic structure during the transition period in underdeveloped countries or regions.

Peasantry, a social class arising from the disintegration of the primitive-communal system; in the pre-capitalist formations a class of small-scale

agricultural producers relying on their own families to work their private holdings. Under capitalism, the stratification of the peasantry breeds an agricultural proletariat, semi-proletarian peasants, middle, and wealthy peasants (the exploiting kulaks). The peasant's dual nature – as a property owner and a labourer – determines his vacillating position between the proletariat and the bourgeoisie; the community of the peasants' and the workers' basic interests is the foundation of their alliance in the class struggle. Under socialism, the peasantry is the class of cooperated agricultural producers engaged in a large-scale collective economy.

Personal Subsidiary Small-holding, a small-scale agricultural holding (including livestock and poultry raising, vegetable and fruit gardening) maintained by members of agricultural cooperatives, workers, or employees on a plot of land allotted by the collective farm or the state.

Planning of the National Economy, the chief method of carrying out the socio-organisational function of the socialist state and economic policies of the leading Communist (Workers') party; is commenced in the period of transition from capitalism to socialism; the range of the economic processes covered is then gradually extended; through planning the socialist state regulates the process of social labour and organises production,

distribution, and exchange of material wealth on the scale of entire society.

Policy, Economic, a major component of the policies of the socialist state and its guiding force – the Communist (Workers') party. P. E. is aimed at laying the foundations of a socialist economy, and subsequently at building and improving the economy of developed socialism.

Politics, the sphere of activities pertaining to relations formed between classes, nations, and other social groups, and centred on the seizure, retention, and use of state power; participation of social groups or individuals in state affairs; identification of the forms, objectives and content of the functioning of the state.

Private Capitalist Structure, one of the economic structures in the period of transition from capitalism to socialism; incorporates the private capitalist enterprises in industry and commerce, as well as the wealthy peasant holdings in the countryside. P.C.S. is steadily reduced, ousted, and eventually eliminated in the process of socialist construction.

Productive forces, the totality of the means of production and people possessing production experience, special training and labour skills, who set the means of production in motion for the purposes of exploration and use of natural resources, in the course of which process society's material

conditions are reproduced and man is developed.

Redemption: a form of socialist nationalisation whereby the proletarian state pays the former owners full or partial compensation for the nationalised enterprise.

Relations of Production, the totality of economic relations among people during the process of social production and the movement of the social product from production to consumption. P. R. express the relations of ownership, which determine the distribution of the means of production, and the relations among people in the course of social production (the class structure of society). R. P. are the social form of the existence and development of productive forces.

Reproduction, the process of production considered in its continual movement and renewal. During the transition period, there exists a contradiction between expanded reproduction in socialist industry and simple (continuing at the former rate) reproduction in the small-scale commodity agriculture. The contradiction is resolved through the transfer of the peasant holdings to the lines of collective socialist production.

Requisitioning of Surplus Farm Produce, obligatory turning in of surplus grain and agricultural produce of the peasant farmsteads to the socialist state to provide for the army and the industrial

centres of the country; in the Soviet Republic, applied in the years of civil war and foreign military intervention (1919-1920); replaced in 1921 by the tax in kind.

Revolution, Socialist, the highest type of social revolution; achieves the transition from capitalism to the communist socio-economic formation; its decisive point is the assumption of power by the working class and the establishment of the dictatorship of the proletariat; the working class, guided by the Communist (Workers') party, assumes the state power and uses it to build socialism.

Small-scale Commodity Production, commodity production based on private ownership of the means of production combined with the personal labour of the commodity producer and his family; small-scale production "engenders capitalism and the bourgeoisie continuously, daily, hourly, spontaneously, and so on on a mass scale." (V. I. Lenin, *Collected Works*, Vol. 31, p. 24); during the period of transition from capitalism to socialism, it is transformed into a large-scale socialist economy through production cooperation.

Small-scale Commodity Structure, one of the main economic structures of the transition period incorporating individually-owned peasant and artisan holdings. S.C.S. is influenced both by the

socialist structure and the private capitalist structure; the dictatorship of the proletariat renders all-round aid to the working peasants and artisans and thus ensures their incorporation into socialist development.

Socialisation of Production, the development of the social character of production conditioned by the improvement of the implements of labour, expansion of the scale of production and development of the social division of labour; under capitalism, with the increasing lack of correspondence between the relations of production and the social character of the productive forces, S. P. assumes a contradictory form; under socialism, it encompasses all areas.

Socialism, the first or lower phase of the communist socio-economic formation; based on the social ownership of the means of production in the form of public and cooperative ownership, and on collective labour, free from exploitation, put in by equal members of society. S. is developed on a planned basis for the purpose of improving the well-being and enhancing the all-round development of all members of society on the principle, "from each according to his ability, to each according to his work"; the period of transition from capitalism to socialism ends with the building socialism.

Socialist Emulation, a driving force of the develop-

ment of the socialist economy; expresses the working people's desire to attain the highest results in their work for themselves, for society, to help those who lag behind, catch up and outstrip those who are in the front ranks, and through this to facilitate an overall rise of the national economy. S. E. originated in the USSR, where it has assumed various forms: communist subbotniks (voluntary work days without remuneration), shock work (voluntary improvement of labour efficiency), the movement of Stakhanovites (movement to increase labour output and better use of technology).

Socialist Ownership, social ownership of the means of production; the basis of the economic system of socialism. The basic means of production constitute public (state) property, while the means of production owned by cooperatives (collective farms) and their other holdings are cooperative property; holdings of various voluntary non-government organisations are also socialist property.

Socialist Structure, the structure which plays the leading role in the economy of the period of transition from capitalism to socialism; incorporates state-run socialist enterprises and cooperatives of the socialist type; due to its inherent advantages and government aid, it develops at a fast rate and comes to predominate, and subsequently to

absorb all other structures in the national economy.

Socio-Economic Formation, a historically determined type of society characterised by a definite level of the development of productive forces, a definite type of production relations, and the superstructure corresponding to the economic basis; history knows five socio-economic formations: primitive communal, slave-owning, feudal, capitalist, and communist (socialist).

State, organisation of political power by a certain class; appeared with the emergence of private property and society's division into antagonistic classes; safeguards and secures the rights and interests of the predominant class.

State Capitalism, state participation in capitalist forms of economy; one of the socio-economic structures of the transition period; the dictatorship of the proletariat uses it to curb the petty-bourgeois element and accelerate the development of the productive forces.

State-Monopoly Capitalism, a stage in the development of monopoly capitalism characterised by the merger of the power of monopolies with that of the bourgeois state for the purpose of sustaining capitalism and extracting maximum profits; the highest degree of socialisation attainable by capitalism and a full material precondition of socialism.

Structure, Economic, a system of production relations of a definite type—socialist, state capitalist, private capitalist, small-scale commodity, or patriarchal (in the precapitalist formations—primitive communal, slave-owning); an economy may comprise one or several structures; multi-structured economy is a typical feature of the period of transition from capitalism to socialism.

Subsistence Economy, the type of economy whereby output is produced only for personal consumption by the producer, rather than for the market. S. E. exists in a number of countries during the period of transition from capitalism to socialism because of the existence of remnants of precapitalist relations in their economy.

Taxes, obligatory payments levied by the state on physical and juridical persons; in the period of transition from capitalism to socialism, the tax policy of the state is of class character, and is directed at curbing and ousting the capitalist elements.

Tax in Kind, in the Soviet state, was levied on the peasant farmsteads in 1921-1923; the first step of the New Economic Policy (NEP); the tax rate was established, before the spring sowing time, for each of the agricultural products; the peasants were free to sell the surplus on the market or use it for expanding their holdings.

Trade, a branch of the national economy transferring commodities through purchase-and-sale operations; in the period of transition from capitalism to socialism, trade plays an important role in building a connection between industry and agriculture, and also in consolidating the alliance of the working class and the working peasantry.

Utopian Socialism, a philosophy of an ideal society based on common property, free labour performed without coercion by all members of society, and equitable distribution of the labour output; the great utopian socialists—Claude Henry Saint-Simon, François Marie Charles Fourier, and Robert Owen—criticised the social system based on private ownership of the means of production and voiced a number of brilliant conjectures anticipating some of the features of socialist society. U. S. was a source for the teaching of Marx's and Engels's—who transformed socialism from an utopia into a science.

Workers' Control, over the production and distribution of products—a form of revolutionary intervention by the proletariat in the capitalist economy; in Russia, it was applied in February–October 1917; after the socialist revolution in other countries, was a transitory measure on the way to the nationalisation of industry and transport.

Working Class, one of the principal classes in contemporary society; the motive force in the historical process of transition from capitalism to socialism; under capitalism, the working class (proletariat) is deprived of the means of production; after the establishment of the dictatorship of the proletariat, the working class becomes the ruling class, takes over the commanding heights of the national economy, and uses them to build socialism.

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